

THE FOUNDATIONS OF IMPERIALIST POLICY

A COURSE OF LECTURES READ TO THE
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LECTURE I

THE PHILOSOPHICAL THEORY OF THE ESSENCE OF IMPERIALISM — THE THEORY OF SEYÈRE

AN ancient Greek legend relates the crusade of the Argonautæ, mythical heroes, who sailed in the ship *Argo* to the fabulous country Colchis, in modern Georgia, in search of the Golden Fleece, which these heroes succeeded in obtaining with the help of Medea, the daughter of the King of Colchis. To gain possession of the Golden Fleece the Argonautæ had to overcome the most difficult obstacles, to accomplish a series of heroic deeds.

In the course of centuries the poets have devoted to this beautiful legend of the Argonautæ many works. Many beautiful pictures have also been dedicated to it, as well as sculptures, such for instance as are contained in the Paris museum, the Louvre. The essence of the legend about the Argonautæ was expressed by the poets as a symbolisation of the eternal struggle of humanity towards the sun, towards the unattainable, to the truth, to beauty, to goodness. But prosaic historians and merciless philologists came

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upon the scene and revealed the real meaning of the legend regarding the Argonautæ.

This legend by no means symbolises the striving of humanity to good, to beauty, to the unattainable, to the sun. Its essence is simply the following. Many of the ancient nations had a particular method of obtaining gold which has been preserved to the present day by some of the African tribes. The following was the method of obtaining gold on the banks of the gold-bearing rivers. The gold sand was washed by passing it through sheep's wool, the gold particles remained on the wool, and the latter was thus transformed into a seemingly whole compact golden fleece.

The legend of the Argonautæ represents in poetical form the brutal materialist fact of the hunt of man for the yellow metal in his most ancient stages of development. Around this simple fact—the fact of the hunt of man for gold—the poets have produced a splendid legend and a series of remarkable poetical works.

When we come across fine high-sounding phrases regarding the interests of civilisation, progress, goodness, truth and beauty in connection with many facts of ancient or contemporary history, such, for instance, as the present war which the patriots of every country have represented as a holy war of liberation and so forth, or regarding some grandiose railway project from Bagdad to Berlin or from Cairo to Cape Town, and so on, we must treat these fine words in the same way as the historians like Strabo treated the legend of the Argonautæ, the meaning of which does not consist in the symbolisation of the striving of man after

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the infinite, but in the representation in a poetic form of a brutal actual fact—the hunt for the yellow metal.¹

The analysis which we applied to the legend of the Argonautæ was made by the Marxists at the very beginning of the World War. When the war broke out, in every country two camps were formed. The minority, in some countries consisting only of a few people, affirmed that this war was not a war of liberation but an ordinary war of conquest, a war for new territories, for markets, for gold mines, and so on. And the other side in every country tried to prove that this was a great war of liberation, a war for the annihilation of imperialism, for the destruction of militarism, and so on. Even in the socialist parties of all countries the overwhelming majority, in the course of the first few years of the war, upheld the point of view that the war carried on by their country was, forsooth, a holy war, and the war carried on by the opposing side was a criminal, murderous war. Nevertheless, now it is evident that the governments of all the countries waged this war for conquest, that it was an “imperialist” war.

What is the meaning of the term “imperialist war”?

The word imperialism is often repeated by many. You meet this word thousands of times in speeches, in the papers, in scientific books. But, as often happens with many terms which are repeated every moment in conversation and books, the term “imperialism” is little understood by many writers and lecturers using this word every minute.

What does the conception of “imperialism” signify?

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A series of theories have arisen regarding this term "imperialism."

I divide all the existing theories regarding imperialism into three groups: the philosophical group on the essence of imperialism, the historical and Marxian groups.

The French writer, Romain Rolland, the author of the famous work *Jean Christophe*, in one of his novels, *Le Buisson Ardent*, uses the word imperialism as a synonym for the ideas of murder, theft, violence. He thus says: "Everywhere imperialism reigns supreme: theocratic imperialism of the Catholic Church, which aims at subjecting everything to its influence; military imperialism of the trading and mystic monarchies; official imperialism of the Freemason and avaricious republics; the dictatorial imperialism of the revolutionary workers' organisations. Poor liberty—you are not of this world! In reality, at the present time we have to choose not between imperialism and freedom but between imperialism and imperialism." Consequently, from the point of view of Romain Rolland, imperialism is a phenomenon which penetrates all forms of life and all social currents, including socialism.

I quote this opinion of Romain Rolland, not because he is in any way a great sociologist, but because as a novelist, as a conspicuously talented man, he formulates aptly in these few words the view of a whole school on the essence of imperialism. What then is this school? It is the "philosophical" school of Sevère. Romain Rolland affirms that imperialism, even makes its appearance in the activities of the

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workers' socialist organisations. From his point of view, if the workers on strike compel blackleg workers not to go to the factories, and throw these blacklegs out by force from the factories where they wish to take the place of their comrades on strike, this act of the strikers is one of violence, hence it is imperialism. Romain Rolland discovers imperialism in the acts of self-defence of the working class. Others go even further in their arbitrary interpretation of the term imperialism. Thus Mario Morasso has written a whole book about imperialism in art, and the well-known French writer, Ernest Seyère, has sent forth into the world a whole four-volumed work on the "Philosophy of Imperialism," in which the chief intellectual representatives and inspirers of imperialism are represented as being the famous French writer, Gobineau, then the German author, Nietzsche, then Jean-Jacques Rousseau, Proudhon, and finally, Karl Marx.

The first volume of the "Philosophy of Imperialism" is entitled *Comte Gobineau et Aryanisme Historique* (Count Gobineau and Historical Aryanism). Gobineau's theory sanctifies racial imperialism. Gobineau, a famous French writer, had in his time great influence not only in France but also in Germany. Gobineau affirmed that the Aryan race, as a higher race, is destined to dominate all other races. The Chinese, Japanese, Negroes, Indians and so on must submit to the white race, for this white race, because of its inherent racial peculiarities and abilities, had the right to command over the whole earth and to subject to itself the yellow and black continents.

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This racial theory prevailed during a long period of time. When the Russo-Japanese War broke out many scientists in Western Europe expressed their firm belief that Russia would crush Japan into smithereens. They said that Japan could adopt perfected weapons, and so on, but they would be incapable of fighting against the Russian race, because the Russian race is white, whereas the Japanese is a yellow race, they are "macaques," capable of imitating like monkeys. The battles of Markdam, Liau Tung and Tsu-shima dealt a terrific blow to this racial theory. The Europeans saw that the Japanese were not inferior, at any rate in military art, to a European race, and when, following this, after this brilliant victory of the Japanese, Europeans started to become acquainted with Japanese literature, poetry, art, they were convinced that the Japanese did not merely "ape"—that they had their own scientists and writers of genius. One of the best-known contemporary specialists in the sphere of the fight against venereal disease, one who discovered a remedy against syphilis, was the friend of Ehrlich, a Japanese scientist. The Japanese have done a great deal in the study of geology, and in the struggle against earthquakes. It had to be recognised that this was an original nation which is in no way inferior to any other race. The racial theory suffered a terrific defeat on the fields of Manchuria.

In the present war it was found that this theory had had enormous success in Germany. After the first German successes, after the crushing of Russia, after the occupation of Belgium and the whole of

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Northern France, the German scientists and authors began to affirm that the German race is a race which, in accordance with its inherent abilities, has the right to command the whole world and to subject to itself the whole of Europe. They proved this in the following way. Certainly, the Russian race was a highly remarkable race: it has produced such men as Termonstov, Pushkin, Leo Tolstoy; it has given a series of remarkable artists and poets. The French nation was also a remarkable nation: it has produced Jean-Jacques Rousseau, Voltaire; it has given us such famous novelists as Romain Rolland. The English race is also a remarkable race—writers like Shakespeare were a witness thereof. But all these races lacked that feature which distinguished the German race—namely, they were devoid of organising ability. Only one race in the world was perfect master of this ability—that was the German race. If the German race were to subject the whole world it would introduce everywhere an ideal order, it would organise production everywhere. It would raise the productive forces in all countries to an unprecedented height, and so on.

- If these German writers and scientists had taken the trouble to remember what Heine had written a few decades back they would have seen that Heine looked upon the German race in a different way. In Heine we find a page in which he says that nowhere is there such an anarchical disorderly race as the Germans. "It is incapable of any order," said Heine, and in his works he emphasised this view.

I cite Heine to show that if, at the present time, the

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Germans evidence a high degree of organising ability, this last is not to be explained by some hereditary feature inherent in the German race, but exclusively by reasons of quite another order : by the development of capitalism in Germany as a result of the creation of a unified state, by the increase in the productive forces, by the given economic conjuncture and by a series of other circumstances which have transformed that same German nation, at one time incapable of any order, into one highly capable of organisation. Thus, this organising talent is by no means inherent in the race--an inseparable part of the "German" soul.

Until 1847, when Germany was broken up into a series of small states, constantly at war with one another, the German nation showed no special organising talent. The ideal order reigning in Germany on the eve of the war was the result of a definite stage of development of the productive forces attained by the country. When, recently, the victors demanded from the Germans the delivery of a certain number of locomotives and carriages, Solf begged the victors almost on his knees to limit their demands, for if they did not, anarchy would reign supreme in Germany.

Until the present war the idea of *Deutschland über Alles*, the idea that the German race is distinguished by special qualities, was accepted by many German representatives, not only of the big but also of the small bourgeoisie. Frequently in working-class circles we could find that these or those representatives were infected with the idea that the Germans are master of certain special faculties. Now, there is beginning a transformation in the opposite

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direction, and many Germans are starting to affirm that the most remarkable nation is the Russian nation, and that the Germans must learn much from it. The present war will finally shatter the race theory, and will give it its death-blow. And then the events which will occur in India, Persia, China, as a result of the Russian revolution, will prove that these countries too in no way differ from us, and when they raise the banner of revolt against the existing order, then all will understand and declare that the race theory cannot stand the test of criticism and that, given the same culture and political conditions, all races are capable of showing the same talents and exploits in the spheres of military art, of culture, of art, and so forth. This theory has been smashed by the facts of life.

The second volume of the "Philosophy of Imperialism" is dedicated to the famous German writer, Friedrich Nietzsche. In this writer Seyère sees the theoretician of *individualist imperialism*, because Nietzsche put the individual personality above all things, and affirmed its right to dominate the whole world and the surrounding masses.

• What did the theory of Friedrich Nietzsche consist in? Nietzsche recognised the right of the separate personality, excelling in any kind of talent, in any abilities of organisation—for instance, a military or political genius to dominate over the whole surrounding world. This is the imperialism of the individuality, imperialism which reserves the right to the single individual, the separate personality, to dominate the whole sphere surrounding it. You understand what

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is being dealt with here? This theory of "individual imperialism" grants the right to a Napoleon, who has exceptional military talents, to a Cæsar or Alexander of Macedon, to dominate over the masses surrounding them.

There is no need to go into a detailed criticism of this theory. This theory of individual imperialism is already rejected by the consciousness of contemporary society—not only proletarian but even bourgeois, which does not recognise the right of a single individual to dominate the whole world. The introduction of a constitution in the bourgeois state was a limitation of the right of the monarch to autocratic domination over the given country. The third volume of the "Philosophy of Imperialism" is dedicated to Rousseau, Proudhon, Karl Marx, and finally, the fourth volume is a study of *Irrational Imperialism*.

In Jean-Jacques Rousseau, Seyère sees a representative of "*plebeian imperialism*." By this term Seyère understands that striving for domination which manifested itself in the activities of the bourgeoisie during the era of the great French Revolution—that bourgeoisie, that "third estate" which was a mere nothing before the great French Revolution, and which desired to become all. This bourgeoisie produced a series of active men—such, for instance, as Jean-Jacques Rousseau and Voltaire—who in their works formulated the essence of the demands of the bourgeoisie. The bourgeoisie endeavoured to overthrow the domination of the nobility. It attained this, and consolidated its own domination over the other classes of society. This was the so-called plebeian

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imperialism—the domination of the bourgeoisie over the other classes.

Finally, in ~~Karl Marx~~ aiming at the dictatorship of the proletariat, Seyère sees the theoretician of class imperialism expressed, if you please, in the aim of the proletariat to enslave other classes.

It goes without saying that we quite disagree with such a statement of the question regarding the essence of socialism. We do not admit that the proletariat aims at the consolidation of its domination over the other classes. The proletariat places before itself the question of the overthrow of the domination of the bourgeoisie, that class which oppressed other classes, and the creation of such a social order as will admit of no classes, where all citizens will be equal. Consequently, Seyère's deduction that the proletarian policy is a policy of its own kind of class imperialism will not stand the test of criticism.

In the socialist structure of society created by the proletariat there will be no place for enslaving, violence, conquest, and therefore for imperialism. At the present moment, when we are surrounded by enemies, we are forced to destroy counter-revolution by fire and sword. We have to fight with all our forces against the enemies surrounding us, but surely the fundamental aim of our war, of our class-struggle, consists precisely in the destruction of all war, and of all class struggles. The proletariat cannot strive to enslave other classes. When the bourgeoisie crushes the proletariat and the poorest peasantry it has some sense, because the bourgeoisie is weak numerically, and for one representative of the bourgeoisie there are

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ten to twelve thousand workers and peasants whom it can oppress, from whom it can squeeze out their sweat and find therein certain benefit for itself. But the proletariat and the poorest peasantry is a class consisting of ninety-five per cent. of the population and has no interest in exploiting anyone whatever. Our final aim is to destroy economic inequality, and therefore, of course, not to re-establish it in this or that form.

Ernest Seyère discovers imperialism in the efforts for advancement of separate individuals in racial or national struggles, in the endeavours of one class to dominate another, finally even in socialism. The followers of Seyère have gone even further. Thus some of his pupils discover imperialism not only in human society, but in all phenomena of organic and even inorganic life. One can make the discovery of an "ant imperialism," of a "bee imperialism," of "tree imperialism," and so on. When one ant makes war on another ant it is a manifestation of imperialist tendencies of a certain ant tribe which is struggling with other ant tribes. Amongst bees too there is their own sort of imperialism. Finally, there is imperialism even in the world of plants. Thus, for instance, when an oak in its growth crushes the young shoots, and does not allow the young shrubs to develop, it consummates plant imperialism, the individual imperialism of the mighty oak. When the forest, in spreading, throws its shoots on the neighbouring cultivations it practises collective imperialism. Consequently, imperialism exists even in the vegetable kingdom.

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All these discussions about the existence of individual imperialism, race imperialism, plant imperialism, and so on, all flow from one fundamental mistake of the Seyère school, consisting in the too arbitrary interpretation of the term "imperialism." It is evident that with Seyère and his followers the term "imperialism" is a substitute for the conception of "the struggle for existence." Of course, if we include in the conception of "imperialism" the Darwinian principle of "the struggle for existence," we shall indeed find imperialist tendencies not only in the society of men, but also in the world of the lower beasts and plants. In such an extended interpretation every man, in so far as he struggles for his existence or strives to satisfy his ambition or love of power, is to that extent an imperialist. In so far as one race tries to subject to itself another race, we have to deal here with race imperialism. In so far as an oak in its growth crushes small shrubs, in so far as the oak struggles for its existence—hence it practises imperialism, and so on.

At first sight, it might appear that all these philosophical exercises regarding the conception of "imperialism" are a mere bandying of words, an empty play of words, a dispute as to terms. But in reality this play of words has a definite aim, and in this theory of Seyère there lurks definite class tendencies.

Why has Seyère's theory had such great success in bourgeois circles? Why has it enjoyed such respect and prestige in professional circles? This theory, which at first glance appears so meaningless, has a reactionary lining, for it justifies the whole

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existing structure of society. Affirming that imperialism existed in all human society, that it also exists among the lower animals, and even in the vegetable kingdom, that "it was always thus," Seyère's followers have deduced that imperialism is an eternal law of life, that it is as old as organic life, as the formation of the first cell. Consequently, the struggle against imperialism and its accompanying phenomena in human society—namely, constant wars, militarism, navalism, and so on—are doomed to fail. The hope of destroying imperialism is a pure Utopia. Thus it was, thus it will be.

Some of Seyère's followers—as, for instance, Edward Rod—cross the t's and dot the i's, and say decisively: "We can fight only against the excesses of imperialism, we cannot fight against its essence. Imperialism always was and ever will be. One might perhaps consider the question of decreasing the number of ironclads, or decreasing the numerical strength of the army, but an army there always must be, there must be dreadnoughts or other military men-of-war, for the armed fleets and armies will never disappear."

Above all Seyère's theory is unscientific because it throws into one heap the most varied phenomena. The problem of science cannot consist in making these too wide generalisations, which would make one mass of the most heterogeneous phenomena. Seyère's theory does not allow of the separation of one order of phenomena from another and therefore it is unscientific. Apart from this, it is reactionary, for it represents an apologia for imperialism.

LECTURE II

THE HISTORICAL SCHOOL REGARDING THE ESSENCE OF IMPERIALISM

LAST time I expounded the essence of the so-called philosophical theory of imperialism. I pointed out that the chief representative of the philosophical theory of imperialism is the well-known French writer Ernest Seyère.

Seyère's theory has no scientific significance; it mixes up in one heap the most heterogeneous phenomena, and so does not permit us to analyse and understand all these phenomena. Besides this, the theory is reactionary; if we recognise that imperialism always has existed, and ever will exist, we must come to the conclusion of the immutability of the foundations of the present order based on robbery and force.

The historians, searching for imperialism at different stages of development, are differentiated from the philosophers in that they do not look for this imperialism either in the animal or vegetable worlds, but limit their task to the effort to discover imperialist tendencies at all stages in the history of mankind.

From the point of view of the representatives of the historical school, imperialism exists at all stages of human development: from the moment that human society was formed, imperialist policy commenced.

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According to these historians, we can find proofs of the imperialist policy of the Judean tribes even in the Bible. (When we read the Bible we learn on every page of the struggle of the Judeans, here with the Philistines, there with the Amalekites, and so on, and so on. What does this mean? This, that the Jewish nomadic tribe was very war-like, and desired to seize the whole Arabian peninsula and Palestine. For this the given tribe had to subject, to conquer, all the other tribes. This Jewish tribe put forward the idea of a one all-powerful God, and, utilising this theory of the one God, declared itself to be the chosen people, having the right to dominate all the heathen tribes. As for the Judean God, Jehovah, he is a most cruel, vengeful God. He is a God who calls for the destruction of the heathen. This God is the representative of imperialism. He is a God who demands that all the surrounding tribes should submit to his tribe. The former will be annihilated if they do not recognise Jehovah, if they do not submit to the Judean tribe.)

The historians of the above-mentioned school find imperialism also in the history of ancient Hellas. Thus Ferguson, a professor of the famous Harvard University in the U.S.A., in his book, published on the eve of the World War, *Greek Imperialism*, studies the conquering policy of Athens, the "Imperialist Democracy" of Sparta, of Alexander of Macedon, of the Ptolemy dynasty, of the Seleucian Empire, and finally of the Antigonian Empire (301 B.C.).

We reject these attempts at this too extended interpretation of "imperialism." We consider it wholly

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unscientific to try to discover the phenomenon of imperialism in the history of the Jewish nation, of Sparta, of Athens, and so on.

(It goes without saying that the wars of ancient Judea, of ancient Greece and Rome with their neighbouring countries, were conditioned by economic reasons, and were defined by the interests of the dominating social groups. But this was not yet imperialism).

✓ Undoubtedly, from the very moment that the institution of private property had arisen and the various human societies gradually split into classes, the interests of the dominating social groups became the main stimulus of wars.

It would be erroneous to imagine that it is only in the contemporary capitalist states, with their characteristically more acute class wars, and the hegemony of the bourgeoisie in the home and foreign policy of all countries, that class interests are the fundamental reason of prolonged international conflicts, constant arming and bloody wars.

The policy of conquest of Biblical Judea and of the states of antiquity, of Sparta, Athens, and finally Rome, was already dictated by economic causes, by the class interests of the dominating social groups.

The wars of the Athenian republic with the Persian monarchy were wars for Asia Minor and Black Sea colonies, for trade hegemony, for supremacy over the seas bounding the southern and eastern parts of the Balkan peninsula—that is, over the Ionic, the Aegean and Black Seas.

The victory of continental Greece over the Persians

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heightened the economic importance of Athens. The domination and profits arising from the exploitation of the Ægean, Ionic, and even the Black Sea, fell to the lot of Athens which directed the military movements. Athens strove to get into its hands a full monopoly of all Grecian trade, and as Greece was at that time the trade intermediary between the East and West, the monopolisation of Greek trade into the hands of Athens would have signified the trade hegemony of Athens in the whole world. Enormous riches flowed into Athens, industry there became extraordinarily flourishing. Athens became the economic and cultural centre of the world at that time. Here science and art flourished: nowhere could thinkers and artists find more favourable conditions for their development.

True, the riches flowing into Athens did not merely fall to the lot of an insignificant handful of aristocrats. Athens was a democratic community, and all free citizens enjoyed all the blessings of both the economic and the intellectual prosperity of the republic. Nowhere had artists and thinkers such a public as in Athens, and the responsiveness of this public to questions of philosophy and art had a remarkable influence on the intensive development of Greek art and philosophy, creating unfading and undying samples of works, such as those of Homer, Æschylus, Plato; beautiful works of sculpture, such as the *Venus of Milos*, and so on. But this democratic Athens community was limited in numbers, the community of free citizens *rested, as on a foundation, on the institution of slavery.*

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The slaves were the domestic servants, carrying on all the work, whilst their masters took part in political meetings or sat in the theatres. The slaves made clothes and boots, arms, and so forth, for their masters. The slaves performed all the heaviest work on the Athenian military and trading vessels, cutting across the waves of the Ægean and Ionic Seas, and transporting riches to the capital of the world of that time. But in return for all this the slaves were excluded from participation in all the blessings of the economic and cultural wealth of Athens, and it goes without saying that military booty was not shared out amongst them. -

Thus the whole policy of conquest of the Athenian and other Greek republics was carried on exclusively in the *interests* of a *definite class*, a class of free Greek citizens—or, in other words, of *slave-owners*. This policy of conquest pursued definite economic aims : firstly, the consolidation of the trading hegemony of ancient Greece in Asia Minor, the southern part of present-day Russia, and in all the waters reaching the shores of territories where Greek influence penetrated ; secondly, the multiplication of the number of slaves—that is, of the class of men without rights mercilessly exploited by the free citizens of Greece. Thus the Grecian policy of conquest was a continuation of its internal class policy.

The rôle of class interests in the foreign policy of the states of antiquity in relation to the Roman Empire is described with marvellous salience and talent by the famous Italian writer, Ferrero, in his classic six-volume work, *The Greatness and Decline of Rome*.

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Ferrero reveals with wonderful talent and mastery the economic causes of the second and third Punic Wars, right up to the destruction of Carthage, the campaign in Macedonia, Greece and Gaul. He shows that all this policy of conquest, both in its origin and its fundamental features, was a phenomenon of an economic order, and he describes how the *bankers, farmers, merchants, usurers, financiers—all this class of exploiters—put into motion the victorious force of the legions of Ancient Rome.* J

Ferrero views the Roman policy of conquest as a result of the decomposition of the Antique World, as the beginning of the fall of this State. He shows that side by side with the decay of the agricultural commune and the creation of a military hegemony on the Mediterranean Sea, side by side with the growth of wealth and the strengthening of the power of the capitalists on the one hand, and on the other the multiplication of slaves, there grew up in Roman society the spirit of brutal violence, greed, thirst for enjoyment, love of gain, a striving for world domination, and that as a result of this decay of the economic foundations and the consequent depravity of the morals of the primitive commune, with its originally simple modes of life, there grew up this rapacious Roman policy, a policy of robbery and violence which started with the perfidious declaration of war against Carthage, followed by the conquest of Greece, Macedonia and Asia Minor. In bold and vivid colours Ferrero sketches for us the striking image of robber Rome, growing up out of the decaying military agricultural commune, and he reveals the dark sides of this organisation, the

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historical mission of which Virgil characterised in the arrogant words :

“Remember, Romans, that your mission consists in dominating other nations with a firm hand. May it fall to your lot to establish peace everywhere, to be merciful to the humble, to destroy the proud.”

In practice, this mission of the Roman Empire to manage the affairs of nations, to bring about internal peace everywhere, “to be merciful to the humble” and “to punish the proud,” resulted in the most frightful robbery of the conquered districts, in the deprivation of freedom, and the transformation into slaves of all those who submitted to the merciless conqueror ; in the massacre of all those who refused to submit, and in the burning of whole towns—a method applied, for instance, to Corinth and other Greek and Spanish towns which had revolted against the cruel and avaricious oppressors.

Thus, also this Roman policy of conquest, the campaigns of the victorious Roman legions, pursued definite class interests. In all the conquered territories the best land, the best estates, belonging formerly to the reigning dynasty, the richest mines, and so on, were expropriated, and presented to generals as rewards, or given on lease to senators, financiers and so forth.

The strongest and healthiest representatives of the population of the subject territories, all the professionals, artists, musicians and so on, and the beautiful women, were all made into slaves and taken away to Rome to do penal work for the Roman native aristocracy, for the amusement of the depraved rabble who found pleasure in the gladiatorial fights and circuses.

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And it was the slaves who supplied this rabble with "bread and spectacles," although more than once, as was the case in the time of the famous and bloody rising of Spartacus, the slaves turned their weapons against their masters and attempted to break the heavy chains which had been riveted on them by their Roman slave-dealers.

The Roman policy of conquest was the policy of the slave-owning class, and pursued exclusively the class interests of this dominating social group in the antique world. Nevertheless, the policy of Rome was not an imperialist policy in the Marxian sense of this word.

Many writers understand by the word "imperialism" a foreign policy, in general, of a combative and conquering character. This is not altogether correct. Not every sort of robber policy is imperialist. Ancient Rome pursued a policy of conquest aimed at creating a grandiose Empire which was to include the whole of the known world at the time. Of course the policy of forcible subjection of the surrounding countries pursued by Rome was of a robber character. But in science we cannot content ourselves with moral definitions of the phenomenon studied. Imperialism implies robbery and violence, but it is not robbery and violence alone.

The policy of the Tartar Khan Baty, who conquered Russia and put it under tribute, was a robber policy, but it could not be called imperialist.

Imperialism is a definite economic phenomenon arising at a definite stage of economic development. From this point of view, the policy of conquest of ancient Rome

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was not an imperialist policy. *Imperialism is the last stage in the development of capitalism.*

The economic structure of ancient Rome was sharply differentiated from the structure of our contemporary capitalist States. Rome produced little and scarcely exported anything. The fundamental feature of the economic life of former Rome consisted in this, that the ancient Roman State produced little, exported nothing, and needed the import of articles from the countries it had conquered. Every conquered country was placed under tribute, had to undertake to import into Rome every year a certain quantity of wheat, skins, cattle, and so on. Roman society could not satisfy all its needs with its own means, and needed the import of necessary products. Besides this, Roman society had no labour power, and therefore had to import slaves from other countries. Consequently, Roman society imported from the conquered districts not only products of first necessity, such as bread, skins, copper, and so on, but it even imported labour power, of which it had none.

Therefore the economic structure of ancient Rome had nothing in common with the economic structure of our contemporary States, and once this is admitted it is readily understood that the foreign policy of ancient Rome, growing out of a different economic soil, could not have anything in common with the foreign policy of the capitalist States.

The problem of science is to distinguish one phenomenon from another. General definitions, throwing into one heap completely different phenomena, are of no value from a scientific point of view. One

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cannot identify the foreign policy of ancient Judea, ancient Greece, ancient Rome, the Mediæval Age, and so on, with modern foreign policy. Marx, for instance, did not set himself the task of seeking out general laws for all epochs. He limited himself to the study of the definite laws of capitalist society, and differed in this from many bourgeois scientists aiming at establishing eternal, unchangeable laws of economic development. Malthus, for instance, tried to establish the law of human multiplication. He affirmed that mankind multiplies more rapidly than does the production of those things which man can get from the soil. He would have it that mankind increases about twice as quickly as does the production of natural products. Thanks to this law, mankind more and more lacks the means of existence. The only means of struggling with the growth of poverty Malthus considered to be the limitation of the increase of human-kind.

Refuting this theory, Marx showed that no natural laws of human multiplication exist; that every society has its own law of multiplication; that there is no natural law of increase even in the vegetable or animal world, in so far as the latter comes under the influence of man. In the animal and plant world, in so far as it is subject to the will of man, this or that law of multiplication comes into being in accordance with the desire of man. In human society, too, there exists a particular law of increase depending upon the given stage of development of society. In some countries population increases rapidly, in others it remains at a dead level for decades. Since 1871 the population of France

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has scarcely increased numerically, whereas in Russia during this period the population has nearly doubled itself. Consequently Russia must have its own law of multiplication and France its own law also. Moreover in France itself there are different laws of multiplication for each class. The peasant population of France has no more than two children per family. Amongst the bourgeois classes there can scarcely be found a family with more than one child. For the proletarian family there is a different law: here one can often find families containing four or five children.

This means that we cannot establish any natural laws for the multiplication of mankind. Each state and each class has its own law of multiplication. Therefore Marx was right when he proved that there was no natural law of multiplication. Marx established no general laws for all epochs.

Applying the same method to the study of the foreign policy of states, we have to admit that there are no general laws to be noted in the foreign policy of States. In the course of the history of the world every historical mode of production, every phase in the development of the productive forces of society, has its own laws of extension of the boundaries of the state, *its own special forms of foreign policy*.

Thus the first stage in the capitalist development of Europe was signalised by *national* wars, having as their aim and result the formation of big national States—huge state forms, the framework of which would be wide and roomy enough for the further development of the productive forces, for the further growth of

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capitalism. Marx regarded the war of 1870-1871 as one of the last great national wars in Europe, completing the epoch of national wars and leading at last to the realisation of the "national" problems of 1848—namely, to the national consolidation of the big European States. We know that the epoch 1848-1871 brought into being the big national organisms—Italy, Hungary, Germany.

From our point of view, imperialism is a special stage in the development of the foreign policy appertaining to a particular economic era. The very word imperialism has only lately made its appearance, and even in the best encyclopædic dictionaries of the beginning of the twentieth century it is not to be found. The word imperialism only began to be used at the beginning of the present century, during the time of the Anglo-Boer War. The war of England for the conquest of the two South African republics was then for the first time characterised as an imperialist war. From that moment the word imperialism obtained the right of citizenship in literature and the terms "imperialism" and "imperialist" began to be used for the characterisation of the foreign policy of this or that State.

It goes without saying that the war of 1914-1918, as distinct from the national wars of 1848-1871, was an imperialist war, a war in which all the first-class Powers aimed at the creation of extensive world-empires, reaching far beyond the national boundaries.

Those who are interested in the detailed question regarding the distinction between national and imperialist wars I refer to the detailed work of Comrade Zinoviev, *The War and the Crises in Socialism*, in which

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He characterises national wars in the most exhaustive manner and indicates their fundamental features.

For my part I shall give, as I think, one very vivid illustration so as to make clear to you the essence of imperialist wars and their distinction from *national* wars.

Contemporary Germany is considered to be a typical imperialist and militarist State. The founder of the German Empire is considered to be the Iron Chancellor, Bismarck. Nevertheless, there is a whole abyss between the policy of Bismarck and that of his modern successors.

Imperialism is the policy of a state aiming at world-supremacy, at the extension of its influence outside the limits of its national frontiers, at the consolidation of its hegemony not only within the limits of one continent but over the whole earth. Imperialist Germany, France and England of the twentieth century strove to obtain colonies, spheres of influence, points of vantage in all parts of the world. If we compare the foreign policy of Germany in Bismarck's days with the policy of modern Germany we shall see what an abyss divides Bismarck's policy from that of his modern imitators and admirers.

I personally, as an expert, took part in the famous Brest-Litovsk Conference. Like all the other members of the Russian delegation, I was astounded by the megalomaniacal plans of the German representatives, by their unbridled aims at more and more conquests. It would seem that these people could be satisfied with nothing less than the conquest of the whole world, and by the transformation of every country into a German colony. These were madmen possessed by a

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delirious idea, by the aim at conquest and subjection—*Deutschland über Alles*—of the whole world. The German generals and diplomats seemed to all of us maniacs. The subsequent events have shown that all these Hoffmanns and Kuhlmanns were indeed visionaries, running after unattainable plans, after phantoms. They were Utopians in comparison with their teacher and “prophet”—the great realist Bismarck. ✓

Bismarck was the most outstanding, the most brilliant representative of the robber policy of the nineteenth century. The “Iron Chancellor”—or, as he was also called, the “Chancellor of Iron and Blood”—was a man who would stop at nothing for the realisation of his objects. He was capable of pulling one paper out of the pocket of a person in conversation with him—if he were a diplomat of another country—then obliging him to sign another paper during a private conversation, and finally handing over both papers to a third country. He acted thus in relation to a French diplomat with whom he was conducting negotiations regarding Belgium and Italy. They both agreed on the necessity of dividing Belgium and of taking a bit out of Italy. Bismarck himself drew up the document, dictated it, gave the document to the French diplomat to sign, but did not sign it himself, and sent the document to Belgium and Italy. In general, Bismarck was not particular what means he took to attain his ends. He was capable of drawing up a false paper, and the immediate ground for the Franco-Prussian War of 1870–1871 was the famous Ems telegram fabricated by Bismarck. In one word, the Iron Chancellor was capable of every sort of

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fraud, every sort of diplomatic sharp practice, and so forth.

However, the policy of this bandit and hero of marked cards was a sensible, moderate policy in comparison with the policy of his successors—of all these Kuhlmanns, Bülowes, and so on, who in themselves appear to be lamb-like in comparison with Bismarck, and personally they give the impression of being delicate men physically, whereas the Iron Chancellor was a type of the real bandit, of the old Prussian landowner and reactionary. Nevertheless, the policy of this highway robber was most gentle and yielding in comparison with the mode of action of his weak-charactered pupils.

In 1856 the Prussian army beat the Austrian in the battle of Königratz (near Sadowa). The Austrian Government proposed peace to the Prussian Government and offered a series of compensations to the victor.

At the military council at Olmütz, under the presidency of the King, all the leaders of the army present rejected the Austrian terms of peace, and, underlining the fact that the Prussian army was at that moment within a stone's-throw of the Austrian capital—that is, Vienna—they showed the necessity to demand from Austria extensive territories. Bismarck, however, declared that it was not good sense to seize too much territory from a defeated country and thus to transform it into an eternal enemy of Germany. “To punish Austria for the war against us is absurd,” said Bismarck. “We are no moralists and we are not sentimental people. We have defeated her and we

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must only take that which we most need. If we pursue such a policy, in five or six years Austria will become the friend of Prussia—she will become her ally. And then Prussia will have no need to fear an attack from the rear in case of war against Russia or France.” Thus argued Bismarck in trying to convince the members of the council. But the Prussian generals did not agree with Bismarck, and unanimously decided to reject this point of view. The Prussian King accepted the views of the generals, and the Austrian proposals were rejected. What happens then to Bismarck, to this strong, brave man? He runs out into the next room, falls on the bed and goes into hysterics. The sitting of the council is broken off. The incident with Bismarck made a strong impression on all those present. Bismarck, this iron man, only plays with his nerves thus because his pacific policy is rejected. The next day Bismarck wrote the King a most detailed report, in which he said: “If you do not want to ruin the future of Prussia make concessions, be satisfied with that which Austria is willing to give.” The report made an impression on the King, and was approved of by him. Prussia was satisfied with the concessions proposed by the defeated country, and in a few years Austria concluded an alliance with Prussia, thus forming the famous Double Alliance, which after some years was converted into the Triple Alliance by the inclusion of Italy.

Such was the behaviour of Bismarck in 1866. His modern followers would have fainted had the Russian delegates at Brest succeeded in their efforts and forced

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Germany to sign a peace without annexations and contributions, or if the Germans had only been conceded an insignificant part of Russian territory, not giving them the Ukraine and so on. They would have fainted, because of receiving so little.

Wherein lies the difference between these two epochs—between the policy of the Iron Chancellor, Count Bismarck, who has been accused of being the representative of a robber policy, and the policy of his modern disciples? The difference consists in this—that the present war is an imperialist war, whereas the wars carried on by Bismarck were nationalist wars. Bismarck carried on war for the unification of Germany, for the making of Germany, which was divided into many parts, into one stable, strong body. He went no further than this.

After the defeat of France in 1871 Bismarck was against the annexation of Alsace-Lorraine and sought for their annexation only under pressure of the military. In this connection his aim was limited to the creation of Germany into one strong, mighty, national whole.

After the war of 1871 it seemed to Bismarck that there were no further tasks to be attained by the foreign policy of Germany. He used to say: "Everything is complete now—how wearisome it is." He thought that Germany had finished with her policy of conquest—that she had nothing more to conquer. He was an enemy to German Colonial policy. When he was told of the need for new territorial gains he declared that he was not in favour of Colonial policy, and said: "Why do we need

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Colonies? If we start seizing colonies we shall resemble the Polish and Hungarian magnates, who have fine clothes on top, but have not even a shirt underneath.” ✓

He did not oppose the efforts of Russia to seize Constantinople. “Let Russia take Constantinople, it does not hinder us.” When Russia tried to seize the Balkan peninsula Bismarck said: “I am not opposed—come to an understanding with Austria. You, Russians, take the eastern part of the Balkans and let Austria take Serbia and Montenegro.” At this period Bismarck demanded nothing whatever for Germany. He said that Germany would not sacrifice the bones of a single Pomeranian grenadier for the sake of the Balkans. Bismarck behaved in a similar moderate manner in relation to influence over Africa. Having crushed France, and wishing to give her compensation, he urged France to seize Tunis, and thought: “Let France seize as many colonies as possible. We took from her Alsace-Lorraine, let her get satisfaction from the seizure of new colonies and then she will live in friendship with us.” The wars led by Bismarck were murderous, robber wars, but they were not imperialist wars. ◊

The idea of world-supremacy was foreign to Bismarck. He thought that if Germany had extended her frontiers on the European continent within certain definite limits this was quite sufficient. He did not even think of the Balkans, still less did the question of Africa or Asia interest him. This is to be explained by the fact that at that time capitalism in Germany had only just started to develop, and since

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capital had only started to develop, since factories and workshops were only beginning to spring up, then for these factories and workshops that were only just starting, for this German industry which was just being born, and for the German bourgeoisie just starting to rise to its feet, the framework of the new Germany of 1871 was quite extensive enough, and Bismarck asked himself: "When shall we have reached the limits of this framework? We have an extensive market of fifty million souls of the population. We have taken Alsace-Lorraine. When shall we have constructed here all the necessary railways? When shall we have built the factories? When shall we be able to satisfy with our own goods the buying abilities of our own population? When will all this have come to pass? Decades will be necessary for this. What do we want to bother about an Africa? What would be the good of it to us?"

Bismarck, that assassin, that bandit, was the representative of the era of the birth of capitalism in Germany, and in spite of his iron character, in spite of his nature as an obstinate man, Bismarck, in correspondence with the epoch in which he lived, set himself very limited tasks in foreign policy, and in general wished to live at peace with all the surrounding nations and countries, providing they did not interfere with his great nationalist ideal, the ideal of a Germany strong on the European continent—the programme which was the expression of the economic programme of the bourgeoisie of that time.

But in proportion as—within the framework of the newly created Germany—industry began to develop,

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going forward with seven-league steps, in proportion as the stock of coal and iron, these two elements possessed by German industry, began to increase, and being in addition on the cross-roads between a number of rapidly developing countries, in an economic sense—Russia, France, Belgium and Austria—Germany began to be transformed into a first-class industrial Power, the position began to change radically. Every step forward in the development of the industry and trade of Belgium, Holland, Russia, France, Switzerland, Austria, or the Balkans gave a powerful jerk forward to the economic development of Germany, which was on the point of intersection of the chief European trade routes. Thus goods from Russia to Switzerland, Holland, Belgium and France went by the Continental route via Germany. Goods from Austria and the Balkan States to Holland, Belgium, Sweden, Denmark, Norway, and to the German and North Seas, also went via Germany.

This advantageous geographical position, together with its riches in coal and iron, greatly added to the fabulously rapid development of German industry. A short period passed by after 1871 and Germany was already far in advance of France, and was beginning to race America and England in the development of its industrial forces. Germany now becomes transformed into a first-class industrial Power. There commences an over-production of commodities and the German trade flag begins to penetrate into all countries of the world. It appears at all points of the earth. On the shores of China, India, Persia, the South American countries—everywhere—the German fleet

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is to be seen. The famous Hamburg-American line begins to compete with the English lines. Germany begins to excel first-class sea-powers in the struggle for the mastery of the seas.

The over-production of commodities in Germany becomes greater and greater and Germany begins to sell its products beyond its own national frontiers. She overruns eastern and southern Europe with her goods—Russia, Austria, the Balkan States. German goods penetrate into Belgium and France, into Italy and Spain. Even in the most highly industrial state—England—a great many goods produced in Germany are to be found. German industry becomes absolutely too hemmed in by the old German boundaries and there begins an effort to assert German trade influence in Europe.

But the European framework, too, becomes too narrow for Germany, for her trade, her industry, her fleet. She aims at seizing Asia Minor. She tries to link up the Ottoman Empire to the victorious chariot of the German Empire. The famous project of the Hamburg-Bagdad railway line (whence the line was to go to the Persian Gulf) makes its appearance. The object of this plan was to fasten the whole Balkan peninsula to Germany with a chain of steel. Germany begins to dream of seizing the whole of Central Africa and a plan arises to construct a railway line from the eastern to the western coast of Africa. A huge portion of Africa was to be annexed to Germany. ✓

Thus, when there arises a great industry which in many respects stands higher than the French,

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English, American and Russian industry, and which is choking within its existing limits, then as the expression of these new tendencies of economic life there appears a new foreign policy, new people come on to the historical arena who demand for Germany the hegemony of the whole world, and in so far as these people are maniacal, absurd, in so far as they perform colossal acts of stupidity and run after unrealisable plans, these people are the expression of the fact that capitalist industry has got into a blind alley, that it has developed as far as it can under capitalism, that it can go no further if the present order in Germany is to remain. For this industry to develop, Germany would have to subject to itself the whole of Europe, the whole of Asia, the whole of Africa. Thus arise these mad plans, these bloodthirsty projects.

Under the influence of these insoluble contradictions of the economic structure and the given stage in capitalist development, the German statesmen begin to act like lunatics, because in itself the further existence of capitalist society is an absolute absurdity. As capitalism has driven modern economy into a blind alley, Germany can only retain this capitalist order of society in one way, by conquering the whole world.

It was evident at the Brest Litovsk Conference that the German delegates acted like madmen. But these people acted thus not because they were foolish, but because they appear as the representatives of a class whose historical mission is at an end. At one time the bourgeoisie drove industry ahead. Now it cannot develop industry any further and it is dying. This

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is a decaying structure, the representatives of which place before themselves unattainable objects.

At first sight it might appear that the Germans might have come out victorious in the World War; for this it would have been sufficient to behave at the Brest Conference as Bismarck had behaved. We offered them peace without annexation or indemnities. They might have said they could not consent to that. They might have obtained definite compensations, and have concluded with Soviet Russia an honourable peace which would thus have denied Wilson, Lloyd George and Clemenceau the possibility of raising new millions of soldiers. Had an honourable peace been made with Russia, thousands of people in Belgium, France and England would have said: "Why continue a bloody war? The Germans have defeated Russia, but they have taken nothing from her."

But the German diplomats could not act otherwise than they did, because they were the expression of the capitalist regime and industry for which the existing framework is too narrow, and which must try to seize more and more. They forced Russia to sign a dishonourable peace. We said to them: "Now you are lost. By having forced Russia to sign a dishonourable peace, you will call forth millions of new soldiers out of the earth. Now Wilson, Lloyd George and Poincaré will be the victors. They will say to the proletariat: 'This is the object of German peace negotiations. The Russians had the misfortune to enter into peace negotiations with them and the Germans have made

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fools of them—the Germans have simply taken everything from them.’”

The inevitable consequence of the Brest Peace was evident to many, and above all to our leader and teacher of genius, Comrade Lenin, who knew that the Brest Peace would lead first of all to the overthrow of German imperialism, and who characterised the Brest Peace as a breathing space for the Russian proletariat. Lenin prophesied that the Brest Peace was a scrap of paper which would be torn up by the further course of historical events. If you glance through our party journals for that period you will see that Lenin's point of view was accepted by all communists. I shall take the liberty to quote an extract from my article published in the *Isvestia* of the All-Russian Central Executive Committee, soon after the Brest Peace :

“The Brest Peace is a terrible blow to our Fatherland, but at the same time, in the long run, this peace will bring in its wake the defeat of Germany. Perhaps the day is not far distant when historians and publicists will use the words ‘Brest Peace’ instead of ‘Pyrrhic Victory.’ Germany had the opportunity of concluding an honourable peace with the whole of Europe had it first of all signed such a peace with Russia. Now the Wilsons, Lloyd Georges, Poincarés, have the possibility of dragging on the war for years by basing themselves on the results of the *peace* negotiations at Brest. Imperialist Germany is now confronted by an absolutely insoluble problem.”

And in another place I wrote :

“There can be no doubt that the Brest Peace

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treaty will be the most short-lived, unstable of international treaties ever signed by two states, and that soon even many representatives of the dominant classes of Germany will understand what a fatal error has been committed by Imperialist Germany, and by the whole German bourgeoisie, in investing the all-too-militarist, stupid generals, such as Hoffman, with the deciding voice in questions regarding the conditions of a peace treaty with Russia. The victorious Brest Peace, upon the conditions of which the German imperialists pride themselves so much, is a senseless adventure, which, like all mad acts of a like nature, bears within it bitter disillusionment to the inspirers and leaders of German megalomaniacal policy."

I quote these lines from the *Isvestia* according to my book *The Brest Peace and the Conditions for the Economic Revival of Russia*, published in June, 1918. I quote these extracts not, of course, to show how correctly I personally prophesied the inevitable outcome of the Brest Peace, but only in order to show what many communists thought regarding this treaty.

That which was foreseen by the great leader of genius of the proletariat, that which soon became evident to thousands of the rank-and-file communists, could not be comprehensible to the German imperialists, who sincerely supposed that the Brest Peace was a diplomatic act of genius far outdistancing all the diplomatic victories of Bismarck himself.

But, as we have seen, Bismarck's plans did not go so far as the plans of his successors. Bismarck, a child of his time, the representative of the epoch of

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the birth of capitalism, which was then only just rising to its feet, pursued narrow, limited tasks. Bismarck's plans went no further than the establishment of a strong Germany, influential on the European continent, capable of maintaining its *national* frontiers against any enemy. The preservation of the *status quo*, of the existing situation, the preservation of the frontiers of 1871—this was the leading idea of the Iron Chancellor in the sphere of foreign policy.

Not such were the projects of the official representatives of the new Germany, the Germany of the last quarter of the nineteenth century and of the period of the twentieth century just passed—the Germany of the *imperialist* era.

The distinction between the World War of 1914–1918 and the wars of 1866 and 1871 consists in this, that the wars of 1866 and 1871 were *national* wars, and their inspirer Bismarck placed before himself limited, narrow problems, whereas the war of 1914–1918 was, from the point of view of all the first-class Powers who took part in it, an imperialist war, a war for world-hegemony. In such a war one cannot place before oneself narrow, limited problems; for the significance of an imperialist war, for every first-class Power, lies in the extension of its influence over the whole earthly sphere. In such a war the diplomats can only draw up for themselves mad Utopian plans.

This is why Bismarck could in 1866 sign a peace with Austria which not only remained unbroken but, more than that, was converted into a stable, military

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alliance, which remained in force up to and during the World War of 1914-1918.

The Frankfort Peace, bad or good, was unbroken for several decades ; whereas all the diplomatic acts which are the products of the brains of the modern Bismarcks bear within themselves the germ of rapid death, and are fated, like the Brest Treaty, to a very short-lived existence.

LECTURE III

THE MARXIAN THEORIES OF THE ESSENCE OF IMPERIALISM—KAUTSKY'S THEORY OF IMPERIALISM AS THE POLICY OF INDUSTRIAL CAPITAL

IN the two preceding lectures I dwelt on the exposition and criticism of the bourgeois theories regarding the essence of imperialism. I have introduced you to the "Philosophy of Imperialism" of Seyère and to the historical theory of Ferrero. I have shown that the policy of conquests pursued by States is not *imperialist* at all stages in history, and I have emphasised the distinction between nationalist and imperialist wars.

From the point of view of the writers of the Marxian school, imperialism represents the product of the highest stage of capitalist production—a stage which had only been reached by capitalism at the end of the nineteenth century.

In Marxian literature there are various theories regarding the question of imperialism. The theories of Kautsky, Hilferding and Lenin deserve special attention.

How does Kautsky define the essence of imperialist policy?

"Imperialism is the product of highly developed industrial capitalism. It consists in the endeavour of every industrial capitalist nation to subject and

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to annex a greater and greater number of agrarian districts, no matter to what nationality the agrarian districts might belong."

An industrial country produces very many commodities. It produces a quantity of linen, sugar, machines, rails, such as it is quite incapable of using up within its own national boundaries. Therefore imperialism manifests itself in the endeavour to conquer agrarian countries so as to sell to them the surplus goods. What is the difference between an agrarian and an industrial country? Industrial countries produce many factory wares, much more than they need for their own use. Agricultural countries, on the contrary, have an insufficient quantity of manufactured goods, but they have an excess of bread, and of all kinds of raw materials. They need various machines, carriages, rails, and so forth. All these they get from manufacturing countries. In a military sense, an agricultural country, thanks to the slight development of its technique, the absence of railways and up-to-date weapons, the illiteracy of the population, and so on, does not represent a serious force, and easily becomes the spoil of even small Capitalist states. The examples of Portugal, Belgium and Holland ruling over vast territories in Africa and Asia serve as the best illustration of this state of affairs.

If, however, we take the larger industrial States, such as England and France, these countries possess colossal military force, and it is nothing to them to hold in subjection a whole empire. Thus, an England with no more than about a mere forty million souls

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dominates such a vast country as India, with its hundreds of millions of population; and keeps it down with only some hundred and eighty to two hundred thousand soldiers, of whom only about fifteen thousand are English soldiers, the rest being natives.

England as an industrial country possesses a wide network of railways, which permits it to move its soldiery rapidly over wide areas. It has a huge fleet, which permits it to transport soldiers over the seas and oceans. It has numerous munition factories, workshops producing automobiles, armoured trains, dreadnoughts, submarines, and so on, and so on. What can the four hundred million population of India oppose to these terrible weapons of oppression and violence?

Small England has for a long time been the queen of the world, and holds in its hands about five hundred millions of foreign population. Small France rules over Algiers, Tunis, Morocco, Indo-China, and so on. The economic development of France enables it to evolve a menacing military force to which, at the present moment, the agrarian countries subject to it can oppose nothing serious. China, with a population of four hundred millions, has so far been unable to create an army which could maintain the national independence of the country. One of the characteristic features of agrarian countries is their military weakness.

And even a State like Russia, possessing a great military apparatus, created and continually expanded since the time of Peter the Great, having a more or less developed factory-workshop industry, and such towns as Petersburg, Moscow, Charkov, Kieff, and so on, and possessing a ramified network of railways, nevertheless

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made manifest its weakness in a whole series of wars—just because Russia is more of an agricultural than an industrial country.

If in the present war with world-capitalism we come out as victors, it is to be explained not so much by the strength of our heroic Red Army as by the fact that we have allies in the camp of our enemies.

In a military sense, the feature of an agrarian country is its comparative military weakness. And if even a State like Russia, which always had under arms a numerous army, manifested weakness in a whole series of wars up to October, 1917, still more powerless has China been in its struggles with capitalist countries, in spite of its population of four to five hundred millions. When, in the eighties, England and France declared war against China they only needed forty thousand troops to get to Peking, to take the capital of China, and to force her to sign a disgraceful peace. The same story was repeated during the Boxer Rising when China rose against the Europeans. The latter only needed to put fifty thousand troops into action to suppress the rising.

The centralised European States found it very easy to conquer and to hold in subjection the vastest agrarian countries—as, for instance, Egypt, India, Indo-China, and so on.

Imperialism is the foreign policy of a capitalist industrial State aiming at the conquest of agrarian districts. In this connection, imperialism is the result of the contrast between industrial and agrarian regions.

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An empire is a whole made up of two unequal parts. In the centre is the industrial State, and just as the planets revolve round the sun in their orbit, so the conquered agrarian districts revolve around this industrial State, this metropolis.

The centre of the British Empire is the small island in Europe. This is the sun around which revolve like planets the English Colonies, to be found almost in all parts of the world, a whole series of islands, the great Indian Empire, a part of Indo-China, and so on.

Thus, from Kautsky's point of view, the fundamental feature of imperialism is the tendency to seize agrarian, economically backward districts. But this theory of Kautsky's is incomplete and incorrect. Already, before the war, I have shown in my articles and books that such a definition of imperialism will not stand the test of criticism. It is true, however, that in the period just prior to the recent war all the capitalist States endeavoured to seize agrarian districts.

The foreign policy of the European States on the eve of the war was expressed by their struggle for agrarian districts—that is, for colonies. In the course of the last decades all the States have rushed at full gallop, one beyond the other, to the conquest of the backward districts in Asia and Africa. At the touch of the bayonet and sabre these districts have been split up into sections, and the various bits have been seized by various States. In the course of this period a whole series of regions in Africa and Asia have been occupied by the European States. Tunis,

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Madagascar, the Soudan, Nigeria, the Congo, and so on, have all been seized by European States. An impression was created as though the whole essence of the existence of a State and its foreign policy consisted in its endeavour to seize backward districts. In reality, however, this is not so.

Imperialist policy consists in the endeavour of every industrial capitalist country to subject and annex not only districts of an agrarian nature, but also the most industrially developed provinces, belonging to the neighbouring State. Agrarian districts are seized before others only because it is easier to conquer them, because they only possess weak military forces. But the chief aim of all the European States, the object for which the World War broke out, was the endeavour to seize, not backward provinces, but, before all, the neighbouring industrial districts, the striving to snatch from one another the most important industrial provinces.

Thus France made it her fundamental object to take away from Germany, above all, Alsace-Lorraine and the Saar basin. Germany on its side had as chief object the extension of its frontiers on the European continent, to tear away from Belgium, Russia and France their most industrial districts.

Imperialism is a policy directed towards the conquest not only of backward agricultural regions, but even more towards the conquest of the most industrial regions adjacent to the given State. And precisely because in the present war France aimed at the conquest of Alsace-Lorraine and the Saar basin, precisely because Germany aimed at snatching from

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France her most industrial regions, and at taking away from Russia the whole Baltic borderland, all Poland and all Ukraine, whilst Russia desired to take away Galicia, Silesia, and all the Polish provinces of Germany, and to seize Constantinople and the Straits—just because of this the war could not end in one or two years.

Kautsky's theory, at the very least, is incomplete. This theory has been shattered by all the facts of the present war, and particularly by the results of the latest—namely, the Brest and Versailles treaties.

In the Brest Peace Germany manifested a voracious appetite, wanted to seize the most industrial regions of Russia—the Baltic border provinces, where are all our ports, through which we sell to the Continent the surplus commodities produced by us and through which we receive the manufactured products from abroad; further, Poland—the most industrial district of Tzarist Russia; and she also reached out towards our south. In the west Germany was endeavouring to seize the most industrial parts of Belgium and France.

In the Versailles Peace exactly the same tendencies were manifested, now however against Germany, by English and French imperialism. The chief object of Imperialist France was the seizure of the most industrial districts of Germany. France took away from Germany Alsace-Lorraine—that is, the most important, the most industrial part of Germany, possessing the richest iron-ore mines; she has put her hand on the Saar basin, on the so-called coal basin of Germany, and now she is striving to cut off the

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Palatinate, where are situated the factories of the German Empire.

Thus imperialism is the endeavour of industrial capital to seize not only the agrarian but also the industrial regions of a neighbouring State. It is precisely this tendency which has been the cause of the harsh character assumed by the present war.

And both the German and French imperialists have underlined more than once during the course of the war that an *extension* on the European continent as a result of a victorious peace was of greater importance than the most magnificent acquisitions on the African or Asiatic continents.

Thus at the sitting of the German Reichstag, 6th June 1916, the leader of the National-Liberals, Bassermann, declared that the creation of an immense Colonial Empire, however important it might be, is only very insignificant in comparison with the extension of the frontiers of Germany on the European continent.

LECTURE IV

HILFERDING'S THEORY—THE BANKS AT THE DAWN OF IMPERIALISM AND IN THE LATEST EPOCH—THE PENETRATION OF BANK CAPITAL INTO INDUSTRY—FINANCE CAPITAL

IN the last lecture I explained the essence of Kautsky's theory as the policy of industrial capital endeavouring to conquer or to subject agrarian regions. Later, under the influence of Hilferding's book, Kautsky introduced into his theory vital additions. Hilferding, a conspicuous Marxist, dedicated his well-known book, *Finance Capital*, to the question of imperialism. The essence of Hilferding's theory consists in the following:—in previous ages, the banks played a very moderate rôle economically—the rôle of usurers. The banks furnished money needed by individual *entrepreneurs*, at a definite percentage. But the banks themselves had nothing to do with the course of production. The banks furnished money also to governments.

On the other hand, the banks took from private individuals and from statesmen money for safe keeping, and they used this money for speculation. This, practically speaking, was the rôle played by banks at the dawn of imperialism and even down to the middle of last century. The banks were institutions which

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took from private people or from governments their excess money, paid them for this a definite percentage, and themselves lent this money to the needy, also at a fixed percentage. Now amongst these banker-usurers there were people who, from the bourgeois point of view, were quite honest. And if a banker gained the reputation of being a solid, "honest" banker, capital started flowing his way. Such bankers, well known for their solidarity and honesty, were the Rothschilds. During the French invasion of Germany the Saxonian king fled from Saxony and gave all his money and valuables into the keeping of the Saxony banking firm of Rothschild, and then fled to Russia. When the Saxon dynasty was restored they returned to the King of Saxony all his money, together with interest on it. Fame spread that the firm of Rothschild was a very honest firm, and then all the rich who had hitherto kept their money elsewhere began to take their money to Rothschild's.

The banks took money at a percentage and gave it also for a percentage. Bankers could be, from the bourgeois point of view, both very honest men and rascals. It often happened that the banks went bankrupt. The bankers were unable to carry out the necessary operations with their money; they got into a muddle, were ruined, and fled somewhere or other. At any rate, whether individual bankers were honest business men or swindlers, their part in economic life was very, very limited. More often than not the banker played the part of an intermediary, the part of usurer.

However, gradually a revolution was engendered in

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this sphere. As the well-being of the populations of the European countries grew, and money began to accumulate in the hands not only of the rich, not only amongst shopkeepers, propertied peasants, and so on, but when even at times amongst the workers a little temporary excess money began to accumulate, and there began to develop a desire not to keep this at home, but to put it into a bank so as to get some sort of profit on this money, the banks began to pass from the rôle of mere usurers, not interested in the course of industry and pursuing exclusively the object of obtaining a certain percentage on their capital, to the rôle of direct control over a given branch of industry.

Those who controlled the banks noted that to put capital into commercial enterprises and to subject them to their own influence was far more profitable than to limit oneself to the rôle of usurer. Every factory, every undertaking yields a profit, and the norm of profit is always above the norm of interest. Consequently, it is more advantageous for the banker to cease being a usurer, and it is necessary for him to become a profit-maker—a manufacturer—himself.

The process of accumulating colossal savings in the banks very much helped to subject the whole of the industry of a given country to the hegemony of the banks.

On the eve of the war one could find, both in Germany and in France, some tens of thousands of workers who had laid by for a rainy day a few thousand francs or marks each. The French worker or small shopkeeper never keeps any surplus money

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at home, but at once takes it to a bank ; if you entered a French bank you would see there people of all kinds of professions. You would see there a priest and a bourgeois young lady, a decrepit old woman and a charwoman, a soldier and a sailor, and so on, and so on. Everyone brings his savings to the bank and leaves them there. Even quite poor people, having saved some hundred francs, buy some sort of paper share with it in the hope that it will rise in value and that they will thus gain something by it.

As this tendency to bring to the bank their savings began to grow stronger amongst the representatives of the most varied sections and classes of society, greater and greater sums began to accumulate in the banks. And when it appeared that the banks had accumulated milliards of roubles for safe keeping then the banks ceased to limit themselves to the part which they had played at one time.

Sums began to accumulate in the banks sufficient to create not only new factories but whole branches of industry, to lay thousands of miles of new railway lines, to construct new towns. Under these circumstances the controllers of the banks ceased to limit themselves to the modest rôle of mere usurers, but began to subject to themselves production, to establish control over factories and workshops.

Gradually the banks came forward in all branches of industry and commerce as independent *entrepreneurs*. Bringing into action the capital of their depositors, the banks began to apply these deposits for the erection of chemical factories, sugar works, the establishment of military industries, and so on.

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This process of the penetration of bank capital into industry has resulted finally in almost the whole of the industry of every country passing into the hands of the banks. Gradually the banker has been transformed into the industrial capitalist: the owner of the factory, on the other hand, has become a sort of clerk, the representative of the banker in a given business. It is incorrect to think that the factories and workshops bearing the names Morosov, Krupp, Armstrong, Schneider, and so on, belong to these people—Morosov, Krupp, Armstrong, Schneider and others—these are only the largest shareholders of all those people who own the shares of the given factory.

The modern "owners" of the factories are only nominal owners, and by no means the real proprietors of the undertaking, such as were their grandfathers, although the latter had not the automobiles, the palaces and the enormous profits possessed by their grandchildren, who, however, play the part but of a kind of clerk to this or that bank syndicate. The factories do not now belong to the Morosovs, Putilovs, Demidovs, Krupps, Schneiders, and so on, but they belong to some particular bank, or even a whole group of banks.

At the present time the stability of every industrial undertaking is estimated in accordance with the rate of exchange of its shares.

A share is a valuable paper furnishing its possessor with this or that percentage profit on capital, depending on the profitable nature of the undertaking. During the capitalist war, when the Putilov, Schneider, Krupp and Armstrong factories were doing well, the

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shares of these military factories brought in good profits and were valued very highly. All the capital of factories now consists of such papers, called shares. These shares before the war belonged to some bank or other—for instance, to the Azov-Don Bank or to the Russian Bank for Foreign Trade, or the Crédit Lyonnais, and so on and so on. And only a definite quota of these shares fall to the lot of Morosov, Krupp, Schneider and others, the lion's part of the shares belongs to the bank.

— It is this capital, belonging to the banks—bank capital which has penetrated into industry and administrators and controls this industry—that is called finance capital.

Finance capital no longer contents itself with the former modest rôle of usurer. No, it directs factories, takes them under its control, sees that the factory should produce this or that quantity of goods, that it should work with the help of these or those machines, that it should manufacture this or that product. The bank now extends production when it is to its interest to do so, and when it is necessary to decrease production the bank will close a factory irrespective of to whom it may belong. The banks have taken under their control, under their management, all the factories and workshops of a given country, and in actual fact all factories and workshops already belong to the banks.

Thus a position has arisen in which the industrial life of a country is directed, not by separate manufacturers, not by separate individuals, but by some anonymous being having no name or title, or a

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conglomeration of unified financiers, who hold in their hands all the industry of the country.

When, for instance, during the war of 1914-1918 it was necessary for military purposes to create a chemical industry in France, this industry was created not by a single person, not by separate manufacturers, but the "Paris Bank" simply announced that it was undertaking to create in France a hundred and fifty factories which were to manufacture chemical products, and consequently that it was issuing a subscription list. Many rushed to subscribe to these shares, and thus the Paris Bank created a chemical industry for the whole of France. This bank has among its servants engineering specialists, who draw up plans of the factories needed, of the factories to be created, of the things to which attention has to be paid. Thus, having at their disposal not only huge capital, but great technical forces, the bank can direct industry in the way which seems necessary to it.

Now let us see how these banks act. Let us take as an example France. There are several chief banks in France: the Crédit Lyonnais, the Société Générale, and the Discount Bank. Let us take the Crédit Lyonnais. The latter has branches in every town of France, and not merely one branch per town, but, depending on the size of the town, the bank has sometimes ten, twenty, thirty, even a hundred branches. If, for instance, we take Paris, then in every district of Paris we meet a branch of the Crédit Lyonnais.

Why is this done? So as to enable every shop-keeper and every worker who has savings, and has no

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time to take them any distance, yet to put them into the Crédit Lyonnais which is but a few steps from his home. The worker goes to his work, to his factory, and runs into the bank which is opposite his house, to take in a hundred or two hundred francs. In a second he gets a receipt at the bank and goes on his way to work. In this way huge capital is collected by the Crédit Lyonnais.

The same is done by other banks. Almost side by side with the Crédit Lyonnais there are branches of the Société Générale and the Discount Bank. So that, just like cafés and paper-kiosks, there are branches of the banks in every street. But branches of these banks are to be found not only in the towns but also in the villages.

With us in Russia you will see in every village as the best building only a church, but in France, as in a European country, you will see beside the church also a school, and a branch of a bank. At the same time, if in some little French village you should note a big fine building, much larger and more beautiful than the school, and more imposing even than the church, you may be sure that this building is the bank, where the peasants take their savings.

Formerly the peasants hid their savings in stockings, or kept them in bottles, which they buried in the ground, but now there is not a single peasant who does this. The French peasants are very routine-like, very conservative, and do not willingly part with their old habits. And now, when, having noticed a big, very fine building, they venture to step inside,

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they are shown a steel room with steel doors, they are shown steel, locked safes, they are told : "If you like you can give us your money and we will pay you interest on it ; if you do not want to do this you can simply put your money in this steel box, which will be considered your own, and of which you can take the key. Only pay a certain sum for its safe keeping, and you can keep in this box not only your money, but also your valuables, and the key will always be in your possession." And the peasant first of all takes a safe, and in this steel box, which can never burn, he puts his money and takes away the key and goes home. In, say, a month he comes and sees that his money is lying quite safe.

Little by little he begins to have faith in the bank, gives the bank his money and says : "Do with it what you like ; tell me where it is best to invest my money and there I shall invest it." And some take their money and entrust it to the bank straight away. The bank, for instance, advises the peasant to put his money into Russian scrip, and the peasant does so.

Thus the Russian loans which the Russian Tsar, in need of money, floated were mostly taken up by the French peasantry, so that, really, Russian Tsarism was supported not so much by the Russian peasantry as by the French peasantry. And thus the French peasants, because of their faith in banks, put all their savings into Russian loan scrip. This is why the French peasantry pay such attention to all events in Russia and to the World War.

The French peasants have suffered a great deal.

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When our financial position has improved we shall have to think seriously about this question, for a large number of poor peasants have suffered. They say : “ We gave Russia our money and it is not being returned to us.” And they think it is the Russian Bolsheviks who are to blame for all this, because they refuse to pay back their money.

In Germany, England and the United States departments of various banks are strewn all over the country in the same way as we have seen in France, and gradually these banks have laid hands on all the money of the peasants, workers, small shopkeepers, and so forth. In this way the banks have amassed colossal capital.

Now how have the banks acted ? Let us take, for instance, the Crédit Lyonnais or the Société Générale. They have gathered into their hands not only the whole of France, but the whole world. If we take Russia, then we shall see that in many Russian towns before and during the war there were in many streets branches of the Crédit Lyonnais. This very Crédit Lyonnais, the famous French bank, had its branches in all the towns of Russia, and exploited Russia both in a financial and industrial connection. Many Russian people did not trust the Russian banks and took their money to the Crédit Lyonnais. When it was necessary to arrange a loan for Russia in France, this was done through the agency of the Crédit Lyonnais. This bank had its branches over the whole vast territory of the Russian Empire. It had these branches in the centre, in the east and in the north ; in Poland, in the Caucasus and in Siberia—everywhere

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there were departments of the *Crédit Lyonnais*, but not of the *Société Générale*.

Why?

Because all the French banks shared out between them the whole earth: the *Société Générale* developed its activities in the Balkans and in North America; the *Discount Bank* in South America. All these banks divided amongst themselves the whole earth — one took Russia, another the Balkan countries, a third America, and so on.

Each bank represented an association of a whole series of banks. The *Crédit Lyonnais* had its branches not only in Paris, but in all the towns and villages of France. It had its branches also in Russia. Each bank really represented a syndicate of banks, a banking trust, and bank consortium. It was a terribly powerful financial organism. Similar power was possessed by the *Société Générale* and by the *Discount Bank*.

In all France only four or five banks were supreme; they dominated not only the whole financial and industrial life of France, but also the financial and industrial life of many other countries. They reached out their claws into other lands too; they enmeshed in their financial golden web Asia, Turkey, the Balkans, certain parts of America, Australia, and so on, and so on.

The same has been observed in America and in England.

In Germany there were also a few chief banks — the *Deutsche Bank*, the *Dresdner Bank*, and others, which controlled the whole of Germany, and also enmeshed in their web other countries.

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But in order not to compete too much with each other the banks entered into an understanding with one another. We have seen how the French banks divided amongst themselves the whole earth, so as not to compete with one another. We have seen how the consortium of the Crédit Lyonnais shared with the Société Générale and the Discount Bank, in such wise that one bank took for itself Russia, the other the Balkan States, a third America.

Just as these banks agreed with one another, so also have the French, German and English banks agreed to divide out the various countries between them. Thus, let us say, the French bank to whom had been handed over the Balkan States came to an understanding with a German bank which also had branches in these countries. "Come," says the bank, "let us share out also: I shall take mainly Bulgaria and you take Serbia." Or one bank may agree with another in such a way that one takes upon itself the development of the chemical industry and another bank takes upon itself the military industry.

Thus the banks of various countries have come to understandings with one another.

But herein consists the essence of the capitalist form of society, that in this society no firm agreements are thinkable, and, though coming to understandings with one another, the banks nevertheless could not avoid conflicts and disputes as to who shall have which part of the world. And of course these conflicts were bound to lead to a world war.

For instance, the Bagdad railway was considered to

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be a purely German undertaking, but at the head of this enterprise there were fifteen Germans, six Frenchmen and three Belgians—that is, in reality it was an international society. And now the French wished that their share of the enterprise should be greater than that of the others, and the Germans wanted their share to be the greatest.

Capitalist society is based on force and only breathes robbery, and when there is a dispute as to the share of the spoils it is sometimes difficult to come to an agreement. This is the case in every business where there is a master and partners—each tries to put a spoke in the wheel of the other.

So it was here. These banks divided out between them the whole world and yet could not do without conflicts amongst themselves subsequently. Thus, then, acted finance capital.

We have established the fact that at first, in the first stages of the development of the banks, they played the part of usurers and their rôle was very limited. The bankers simply occupied themselves in supplying money at interest. When a manufacturer wanted to extend his business, then, he went to a banker and said: "I now have a thousand workers labouring for me, but I have so many customers that I have not goods enough for all who want them. I could develop my business, I could employ not a thousand but two thousand workers, but I have no money with which to do this. Give me money and I shall pay you a definite interest on it." And the banker would give the manufacturer money without in the least interesting himself in the business of

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production. That means that all that time the rôle of the banker was that of a usurer.

On the other hand, there were people who were in no need of money, who, on the contrary, had excess money which they did not know how to employ. They also went to the bankers and said: "Take my money for safe keeping and give me just a little for this." And the bankers took their money and paid them a small percentage for it—about two or three per cent.—whereas from those to whom they lent money they took a much greater percentage—about five per cent.—and in this way they always had a certain profit. Thus the rôle of the bank was a very modest one—very limited: to take money and to supply it. That is all. This was the rôle of the bank in the first stage of its development.

But as capitalist industry developed, as finance economy developed, and, most important of all, as excess money began to be amassed by various sections and classes of society, the banks accumulated enormous capital, and began to be transformed into powerful financial organisms, attracting to themselves all the money within the country. Then the banks ceased to content themselves with the rôle of usurers and became the directors of all industry, controlling all industry and taking the whole of it into their hands.

And this was the second stage in the development of bank capital—finance capital. This was the stage which characterised the epoch on the eve of the recent war.

Finance capital is bank capital penetrating into

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industry, directing and controlling this industry. Finance capital is bank capital no longer limiting itself to the rôle of usurer, not limiting itself to the mere lending of money at interest or to taking this money for safe keeping. It now directs industry and appears as the veritable master of industry.

And in such an epoch, when finance capital, appearing as bank capital, penetrates into industry and directs it, the individual manufacturers—the Morosovs, Putilovs, Schneiders, Demidovs, Krupps—however rich they may be, however many palatial residences they may possess, however much money they may spend at home or abroad, and however many score of roubles they may lose at cards, are no longer the real owners of the factories, which now belong to the banks. And all these Putilovs, Morosovs, Demidovs, Krupps, and so on, and so on, are only shareholders in the undertaking—only screws in the wheels of the gigantic machine—only the representatives of the real owners of the enterprise—representatives of the bank. And although the nominal owners get huge profits from the undertaking, yet it is not these owners that direct the given business, but the director of the latter is the bank.

And in exactly the same way as the English King, who sitting on his throne earns a colossal sum of money thereby, yet has no, or very little, influence on the life of the country, so a Demidov or a Morosov, getting from the factory colossal profits, in reality does not direct his factory, which is entirely under the control of this or that bank.

LECTURE V

KAUTSKY'S THEORY OF FINANCE AND INDUSTRIAL CAPITAL—BIRMINGHAM AND MANCHESTER

IN the preceding lecture I dwelt on Kautsky's theory. This theory, as I pointed out, consisted in the definition of imperialism as the policy of industrial capital endeavouring to conquer agrarian regions. Kautsky later brought in fundamental changes in this theory, acting under the influence of Hilferding's theory. The essence of Hilferding's theory consists in the definition of *imperialism* as the *policy of finance capital*.

What is finance capital? I have already indicated that in previous epochs bank capital played a very modest rôle—the part of an intermediary, of a usurer—to the period of time when vast sums began to accumulate in the banks, sums ranging to milliards of francs and marks, when the banks united into trusts and syndicates, and in every state three or four big banks were formed, each of which was a powerful financial organism formed by the association of thousands of separate banks—an organism which seized into its hands all the industry of a country—regulated it, controlled it, directed it. The banks then became essentially the real masters and directors of industry, and the former masters, the owners

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of the factories—the various Morosovs, Putilovs, Demidovs, Creusots, Krupps, and so on—were no longer anything other than representatives, than clerks, than chief, or even only secondary, shareholders of these same banks. And it is this bank capital which has penetrated into industry, controlling, regulating and directing it, which is termed finance capital. Finance capital is bank capital which directs industry.

According to Hilferding's theory, imperialism is the policy of this very finance capital. Finance capital necessarily pursues a robber policy of conquest. Finance capital aims at the seizure of new and ever fresh territory. In its policy of conquest, finance capital can go much farther than ever did industrial capital—the latter, for instance, has no interest in seizing direct regions where no goods can be disposed of. The policy of conquest of industrial capital has its limits.

According to Hilferding, the aggressive policy of modern capitalist States on the eve of the World War is to be explained by the needs of finance capital driving the States to the pursuance of a world policy, to the conquest of all parts of the earth not yet partitioned out.

In contradistinction to former epochs, the modern States have exported abroad into neighbouring European States, into Africa and Asia, not goods, not machines, agricultural implements, and so on, but before all—money. The export of commodities was the characteristic feature of the old capitalism, for modern capitalism the characteristic feature is the export of

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capital; this has reached a particularly gigantic development during the twentieth century. On the eve of the World War, English capital invested abroad reached the tremendous sum of four thousand million pounds. French capital invested abroad was above fifty milliards francs (£2,000,000,000). France exported few goods to other countries, but it exported much money. Up to the present war there had been imported fifteen million roubles into Russia from France.

It is a characteristic feature of the export of capital, as distinct from that of goods, that for the former there is really no limit. Even in the desert of Sahara, a hundred milliards of roubles can be spent with profit to the bankers. True that at first sight it would seem that it is no use importing anything into the Sahara, since there is no population—no one can buy anything. Nevertheless, finance capital will find work for itself even in the Sahara. In the Sahara one can lay useless railway lines, one can build forts, fortresses, and so on. This is why finance capital is endeavouring to seize even such regions as would not have been looked at by industrial capital. Hence, finance capital is the representative and motive force of the most frenzied policy of conquest.

The export of capital into the colonies for the most adventurous enterprises is not accompanied by any kind of risks for the bank. If the bank formulates a plan to contract a railway through Asia Minor, or through some part or other of Africa, a subscription list for shares in the projected railway is announced,

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and immediately thousands upon thousands of small and middle stock-holders, believing the newspaper articles regarding the extraordinary advantages of the given enterprise, subscribe to the new loan and change their money for the shares in a Bagdad railway, or in some route to the Congo. Thus, for the banks, colonial undertakings are often an excellent means of extorting money from the people of their own country. And this export of capital has no limits, for the means are collected here, not from the population of the conquered country, but from the population of the conquering country.

Thus millions of English, French and German workers, shopkeepers, and all sorts of small and moderate *rentiers*, give up their savings for colonial enterprises and for all sorts of adventures, in the hope of gaining some pitiful profit. We know how millions of French peasantry have had to pay for giving up to Tsarism fifteen milliards francs.

There is no limit to the export of capital. If this is so, if finance capital has no limits to its extension, if it can take all surpluses from its own population, and has a tendency to seize more and more new regions, there is no limit to its policy of conquest; because even the most desert regions can serve as a means for obtaining profit, soldiers will be sent there, they will be transported over railways, equipment will be needed for the cannon, and weapons will have to be manufactured for them. It will be necessary to send new ships, to contract for ironclads, and so forth. Every new colony forms a means of obtaining new gain, becomes a means for the sale

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there not of goods but of capital. Thus we see that finance capital is a fundamental cause of imperialism and of the policy of conquest of the modern era.

Under the influence of this theory, under the influence of Hilferding's book, Kautsky changed his views on imperialism. Formerly Kautsky affirmed that imperialism is the policy of industrial capital, that imperialism is expressed in the endeavour of industrial countries to conquer agricultural, economically backward regions, but under Hilferding's influence Kautsky changed his theory, introduced into it substantial alterations and began to develop new views. He started to prove that there is a considerable difference between industrial and financial capital regarding questions of internal and external policy. Industrial capital pursues a more peaceful and more liberal policy, whereas finance capital is a reactionary capital, endeavouring to strengthen the power of the semi-feudal nobility and of the military at home; it is an aggressive capital—that is, a capital straining for ever more and more new external conquests.

How then to explain this difference between "industrial" and "finance" capital? During the epoch of industrial capital the owners of the factories were individual manufacturers, separate persons, and, whilst these manufacturers might be at variance with one another, they were all interested in the existence of a certain order in their country, in the existence of a certain constitution, parliament, certain liberty of the Press, and so on, because each manufacturer was only master over his own workers, he was not master with regard to the bureaucrat, nor with

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regard to some governor or even a district inspector. In Russia in the time of Tsarism every cossack officer, every district inspector, and still more every district governor, could, under the cover of the law, hinder the manufacturer in his trade; they could hinder the development of his production, the development of industry.

If there is anarchy within the country, if bribery is very prevalent, then trade and industry cannot flourish. For commerce and industry there must be a certain degree of order. At a time of unlimited arbitrariness the kingly power always stood on the side of the nobility. The interests of the nobility stood higher for the kingly power than did the interests of industry. The bourgeoisie saw that the interests of the landowners were of greater concern to the governing power than those of the town industry. And therefore industrial capital, the manufacturers, were interested in obtaining a definite limitation of the autocracy, a definite limitation of the monarchy.

And the whole of this epoch of industrial capital, the epoch of the development of capitalism up to the approach of its last financial phase, was an epoch of liberalism, an epoch characterised by the struggle of the bourgeoisie with the absolute power of the king. And we see that in this connection the bourgeoisie has played a fine historical rôle. We see that the bourgeoisie prepared the ground for the overthrow of the king's power in every country. The bourgeoisie declared war on the power of the Crown. The most conspicuous revolutionaries of the eighteenth

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century came from the ranks of the bourgeoisie. From its ranks came Jean-Jacques Rousseau, Voltaire, Diderot ; then, later, Danton, Marat, Robespierre, and so on. And it was precisely the bourgeoisie which pushed these men forward. The watchword of the bourgeoisie was the phrase of the famous Abbé Sieyès, who said : " What was the third estate ? Nothing. What does it want to be ? Everything."

And in the epoch of the great French Revolution, in the epoch of 1848, the rôle of the bourgeoisie was characterised politically by the struggle of this bourgeoisie against absolute power under the battle-cry of patriotism, under the battle-cry of liberal reforms. In this connection the old bourgeoisie undoubtedly played its useful rôle.

But now we begin to note that within the last decades the bourgeoisie is beginning to change this, its rôle. It is beginning to refuse to defend the old liberal conquests. It does everything to limit the activities of the bourgeois parliament, to reduce its rôle to *nil*, subjects the activities of the bourgeois Press to the strictest censorship, and so on, and so forth.

How then to explain this break in policy ? How to explain the betrayal of its old traditions by the French bourgeoisie ? How to explain the reactionary policy of the Russian and German bourgeoisie ?

The German bourgeoisie were the servants of the Hohenzollerns, supported them in all their prerogatives, and always tried to reduce the rôle of the German Parliament to *nil* in the political life of the country.

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In Russia our bourgeoisie, with Miliukov, Maklakov, Rodzianko, and so on, at the head, carried on no real struggle against Tsarism. And if we compare the rôle of our Russian Parliament with the rôle of the French Parliament during the great French Revolution, we shall see that the whole abyss separates our leaders of the bourgeoisie, Miliukov, Rodzianko, and others, with their servility to Tsardom, from the proud representatives of the French "Third Estate" of 1789.

Our Duma proved itself to be the faithful servant of Tsarism and timidly expressed its opinion, only sometimes disagreeing in trivial matters with the representatives of Tsarism. It was incapable of any energetic protest. In our Duma only the representatives of the social democratic party, and the representatives of the proletariat, pursued a real opposition policy, all the rest could only lamely echo "aye" to the Tsarist authority.

How to explain this break? According to Kautsky, the reactionary course of the modern bourgeoisie is to be explained by the fact that the present epoch is an epoch of finance capital, and the latter is in its nature reactionary. In the preceding epoch of industrial capital the liberal bourgeoisie was the supporter of constitutionalism, of free trade, and so on, but the present epoch, on the contrary, has created a bourgeoisie which has sprung from the foundation of finance capital—that is, from a reactionary foundation. Finance capital is interested not in reforms within its own country, but in the conquest of new and ever fresh regions. Finance capital is interested

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in a reactionary policy. Finance capital cannot reconcile itself to free trade, to liberalism, to the freedom of the Press, and so on, and so on.

Thus Kautsky's new theory, which represents a considerable leap on one side from his former theory, consists in this, that finance capital represents the opposite of industrial capital. Whilst industrial capital is to a certain degree liberal, and supports constitutionalism and parliament in its internal policy, and in its external policy is peace-loving or pacifist—finance capital on the other hand supports a robber policy of conquests. And the break which we noted on the eve of the war in the policy of the modern European states, when all these European states threw themselves into the equipment of their armies, when a really frenzied seeking after new and ever new territory was to be noted—in one word, all that fever of armaments which inevitably was bound to lead to world war—this whole epoch was the product of the domination of finance capital.

But can one consider this theory of Kautsky as correct, and can one say that industrial capital is in itself peace-loving and liberal, while finance capital is a robber capital? No, we must say that this theory too is wholly incorrect.

The question is, which industrial or finance capital have we in view?

If we take France, then we shall see that there have been statesmen in France, from the world of financiers, who were supporters of "pacifist," peace-loving policy. Such a supporter of peaceful policy was, for instance, the French Finance Minister,

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Caillaux, for which he was subjected to the most cruel onslaughts by the bourgeois reactionary Press, and finally even found himself in prison. Caillaux showed that France should entirely avoid a conflict with Germany, that as a result of any such conflict France would lose very greatly, and yet this Caillaux was the representative of several French banks, and before all of the famous Société Générale. Consequently one cannot say all bankers in general are supporters of a fighting policy at all costs.

We even have a very striking Russian example which disproves this point of view. In the first years of the reign of Nicholas II., Russia proposed to all states the famous Hague note on disarmaments. This note was even the pretext for calling The Hague Conference, at which Russia raised the question of a limitation of further armaments. Who then was the inspirer of this note? The inspirer of this note was Bloch, a Warsaw banker, who wrote the famous book, *The Next War*, translated into all languages. This banker spent an enormous amount of money in propagating his pacifist ideas. He set up a museum at Lucerne which he called a "Museum of Peace." Bloch showed that the next war would ruin all nations, and would lead to a socialist revolution. Precisely this banker, one of the richest men in Europe, was the inspirer of the celebrated note on disarmament. This fact also shows that not all financiers, not all bankers, are supporters of a fighting policy, *at all costs* and under all circumstances.

How to explain this love of peace of many financiers and bankers? The fact is that there are

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two kinds of industrialists, there are two categories of industry. And if we take England as an example, we shall see this there particularly clearly. In England there are two towns, Manchester and Birmingham. These two towns represent two tendencies, two periods in the foreign policy of England.

Manchester, the town of the cotton industry, furnishing well-nigh the whole world with the manufactures of the English textile industry, expresses a definite period in the history of English capitalism, when the fundamental basis of the industrial might of Great Britain was precisely its cotton industry. England of the Manchester period was an enthusiastic disciple of free trade, free competition, of peaceful emulation between the first-class Powers.

The other English town, Birmingham, the capital of the black country, is a town of iron and coal, where gigantic factories and workshops rear their heads, where are manufactured light and heavy armour, weapons, armoured cars, dreadnoughts, super-dreadnoughts, and other sea and land instruments of destruction. This town is the stronghold of English imperialism, the defender of tariff wars, continuous growth in armaments, and so on. It is this town which sent forth the first English imperialists, Cecil Rhodes and Chamberlain, those two most outstanding representatives and inspirers of the aggressive English policy of the last quarter of the nineteenth and the beginning of the twentieth centuries; the two statesmen who were the first in Europe to be called "imperialists."

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Wherein then lies the difference between the cotton industry and the iron or coal industry in relation to the question of war? The cotton industry of England, like the cotton industry of Germany or France, obtains its raw material—cotton—abroad, from the United States, Egypt, and so on. In order that the cotton industry of England could develop—and this industry was for a long time the foundation of England's economic might—this branch of industry requires regular and uninterrupted import of raw material from America and from Egypt. But once war breaks out, once commercial relations are broken off, enemy ships appear on the seas, the regular passage of merchant ships ceases, the carrying of raw products ceases, and the factories begin to close down. This was the case in England during the Napoleonic wars.

The town of Birmingham attains special significance in the external and internal history of England from the moment that the centre of gravity of capitalist economy is transferred from the cotton to the metal-lurgical industries. Precisely from this moment there starts a new epoch—the epoch of colonial fever, a high-pressure policy of conquest, developing with an intensity unprecedented in the previous epoch, with such speed that in merely five years, from 1895–1900, England wins territory measuring 4,000,000 square kilometres—that is, a space of land twenty times the size of France, and with a population of 60,000,000 souls.

Corresponding with the English town Birmingham there is Essen in Germany, with its famous Krupp

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works, the premier cannon factory in the world; in France there is the town of Creusot, with its famous firm of Schneider, manufacturing the well-known gun "75," and so on. And just as Birmingham, with its gigantic military workshops, was the reflection of English imperialism, so were Essen and Creusot the mirrors of German and French imperialism, respectively.

In all the capitalist States there were on the eve of the war very influential financial and industrial groups consciously driving their States into world war. But side by side with these groups, supporting with all their strength the policy of provocation in relation to the neighbouring States, there were other, less influential, groups defending a pacifist policy—that is, a policy of peace, a policy of understanding between the first-class States, so as to avoid the economic and social catastrophe which would result from the "next" war. These were in the main cotton kings, afraid that in the event of a world war their factories would be closed down, because the import of raw material would cease. Naturally, also, those banks which were closely connected with the cotton industry were opponents of the provocative policy towards the neighbouring great Powers. In one word, there was a certain category of financiers and manufacturers who stood for peace. Of course these financiers and manufacturers were not opponents of colonial policy in general. They supported all sorts of colonial adventures, but only in so far as such a policy did not threaten, from their point of view, to lead to a world war.

Thus Caillaux, Bloch, Estonnell-de-Constant and

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other pacifists and financiers said: "We are not socialist Utopians. We have nothing in principle against a war of conquest. Rob, seize all that is in your way; but be careful: do not call forth any world conflicts, do not plunge into war with Germany. For a war will lead to a terrible economic crisis, to financial bankruptcy, to the destruction of whole branches of industry, and to the revolt of millions of proletarians and peasants." Thus spoke a certain group of capitalists which tried to maintain a peaceful foreign policy. In France, and particularly in England, there were also papers which supported a peaceful policy, and stood for peace with the Triple Alliance, and were absolutely at one with the views of the peace-loving capitalists.

The militarist groups of the bourgeoisie won the day: Birmingham, Essen, Creusot fastened their will on Manchester, Hamburg, Lyons, and so on.

When war broke out it was found that, in the process of war, all our economic structure broke, as it were, into two storeys: the upper storey, privileged, serving the needs of war, and the lower serving the interests of the civil population. Let us take as an example Germany, which in the course of four years gained one victory after the other. We shall see that in Germany, too, not all the capitalists gained by this war. We shall see that in Germany, too, a whole series of branches of industry suffered terribly as the result of the war. For instance, the German textile industry suffered terribly. Nearly all the textile factories were closed down. Why? Evidently because cotton was mainly imported from America,

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and as the English fleet was supreme on all the seas it prevented any ship going to Germany from America. Only as contraband could cotton be brought over from America to Germany. Consequently the German textile industry suffered fearfully as a result of the war.

Let us take also the German merchant vessels. Before the war Germany was considered to be the most powerful State with regard to its sea-going vessels. The gigantic steamers of the two largest German steamship companies—the “Hamburg America” line and the “North German Lloyd”—sailed across all the seas and oceans, the German merchant fleet flourished on the coasts of Africa, Asia, and Australia, bringing into various countries not only German, but also Russian, Belgian, Australian, and other goods. However, immediately on the outbreak of war not a single German vessel could put out to sea. The German steamship companies began to suffer tremendous losses and went in rapid strides towards bankruptcy.

The cement industry, the insurance companies and many other branches of the national economy not working directly for the army and navy, suffered similarly.

On the other hand, in this same Germany during the war, immense profits were made by all the iron goods factories, and of course by the cannon, sword, cartridge and all other similar factories.

During the war in each country two sections, as it were, of industry were created. This is precisely the reason that amongst the bourgeoisie itself in some countries various groups were formed with different

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attitudes towards the questions of peace and war. Thus in Germany after the Brest Peace there were not a few manufacturers and financiers who pointed out that the Brest Peace terms were intolerable, and would lead to conflict with Russia, whereas Germany should strive to establish peaceful relations with her. Comrades Joffe and Sokolnikov, who were our representatives in Germany, note this fact.

Once Comrade Joffe was visited by German capitalists and manufacturers who declared that they were opponents of the Brest Peace and they were adherents of a peaceful understanding with Russia. These capitalists were afraid lest as a result of the deepening of the antagonism between Russia and Germany springing from the basis of the Brest Peace a new war might break out. Unfortunately for Germany, at that moment their industrial captains had not the influence on the policy of their country possessed by the cannon kings relying on Hoffmann, Hindenburg, and others, and as a result of its insatiable appetite, and the most absurd plans of conquest, Imperialist Germany rattled down to the Versailles Peace.

And at the present time, in regard to Soviet Russia, the international bourgeoisie has become divided into two sections. One demands a war to a finish with us, supports with all its power Poland, Wrangel, and all counter-revolutionary forces in general who appear as opponents to the Bolsheviks. This group dreams of the re-establishment of the old regime in Russia. The other, at the present moment less influential, group of industrialists and financiers insists on peace

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with Soviet Russia and regards our proposals with sympathy. One part of the bourgeois Press ridicules our peace proposals, or suppresses them; the other part of the bourgeois papers, still small numerically, comments attentively upon the peace proposals of the Soviet Government and underlines what advantages will accrue to that country which is first to hold forth a hand of reconciliation to Soviet Russia.

Which of these groups of industrialists and financiers will win? This will depend exclusively on the success of our Red Army. When we shall have finally defeated our White Guard bands on all our fronts, and shall have presented the European bourgeoisie with the headless corpses of our counter-revolution, the less influential group, at this moment, of industrial magnates and financiers, interested in peace with Russia, will gain the upper hand, and the world bourgeoisie will be forced to sign peace with us.

Then the eternal "militarist" finance capital of Kautsky and the unalterable "peace-loving" industrial capital will make peace with us, and Soviet Russia will be able to start peaceful, constructive work, which will rapidly transform our country, and will aid powerfully towards the acceleration of the international socialist revolution.

LECTURE VI

THE THEORY OF LENIN—IMPERIALISM AS THE LATEST STAGE OF CAPITALISM

IN my exposition of Hilferding's theory I pointed out that the essence of this theory consists in the definition of imperialism as the policy of finance capital. Finance capital is bank capital which has penetrated into some branch of industry, regulating and controlling this industry—in one word, directing this industry. In the period of finance capital the real owner of the factory is the bank, whilst the manufacturer—the nominal owner of the factory—is in reality only the chief clerk of the factory, the representative of the bank.

A considerable step forward in the development of the theory of finance capital is made by Comrade Lenin's theory. From Lenin's point of view the fundamental feature of the modern capitalist order of society is, before all, monopoly. What precisely constitutes the essence of the monopolist character of the modern stage of capitalism?

In the preceding epoch the basis of capitalism was free competition. There were a whole series of factories—sugar, leather, textile, steel foundries, and so on, and all of them competed with one another. In order to win a market for himself, to obtain an ever greater and greater number of buyers, every manufac-

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turer had to struggle with other manufacturers, had to make war on them by means of competition, and this free competition was one of the fundamental conditions for industrial progress, the improvement of the quality of the goods and the cheapening of their price. In each individual country the manufacturers producing, say, watches competed with one another. In order to defeat their competitors in the home and foreign markets, the manufacturer applied the most up-to-date machines, bought newly invented instruments, the best materials, and finally reached a point that at a cheaper price he found it possible to throw on the market products of a better quality. This free competition led to the cheapening in the price of commodities and to the improvement of their quality, both of these being attained by technical progress, the application of the best machines, new inventions, and so on.

The epoch of free competition was thus a period of uninterrupted technical progress in all branches of industry. In every country there were produced ever better machines, improved agricultural implements, better engines, stronger, covering more miles per hour and cheaper than formerly. This competition extended not only to the home market, but even revealed itself in the struggle with foreign firms.

Within every country there were factories and workshops which were considered to be the best for the preparation of these or those goods. One workshop was famous for its engines, another for some kind of agricultural implement, and so on, and so on. These workshops threw their goods on to the

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international market, and tried to win this market for themselves. Germany endeavoured to produce goods better and cheaper than were produced in any other country. It is just this free competition which is the characteristic feature of the preceding phase of capitalist development and exists in present society only as a survival.

In the present epoch another phenomenon is noted—there is a different tendency—monopoly, in which the manufacturers aim at preventing any reduction in price, or any competition between big capitalists. In a monopoly all the manufacturers producing, say, sugar form one union amongst themselves, which is called the sugar trust, syndicate or consortium. In Russia, let us say, there is formed a sugar syndicate. The Russian sugar workshop owners decide amongst themselves not to compete with one another; they decide to fix a certain price for sugar and not to lower it.

At first the largest sugar manufacturers, the kings and barons of the sugar industry, unite by coming to a definite agreement. Then they say to the smaller manufacturers: "You must join our sugar syndicate and must sell sugar at the price we fix for it, and in order that no more sugar should be thrown on the market than that necessary for maintaining the high price of this product we decide that each manufacturer must produce a certain definite quantity of sugar. One manufacturer is to produce 1,000,000 lbs. of sugar, another 800,000 lbs., a third 500,000, and so on, and so on." And a whole series of small manufacturers agree willy-nilly to such conditions,

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but some nevertheless refuse to enter the syndicate. "Formerly," they say, "we produced 800,000 lbs. of sugar, now we are told to produce only 100,000 lbs. We do not want this. Why should we decrease our productivity?" Then the syndicate declares war on these obstinate ones, and at a temporary loss the big manufacturers begin to throw on the market sugar at lower than cost price. This is done to ruin the refractory manufacturers. The syndicate knows very well that force is on its side, that a month's loss will not ruin the kings of the sugar industry, but will lead the refractory manufacturers to bankruptcy and as a result complete supremacy of the market will pass over into the hands of the syndicate—that is, into the hands of the big sugar manufacturers, into the hands of the kings and barons of the sugar industry. In this way a condition of affairs is reached when all the refractory manufacturers come with bowed heads and declare their wish to enter the syndicate of sugar producers.

Thus is formed a sugar syndicate within a country, and no manufacturer has the right to produce more sugar than he is permitted at the conference of sugar producers, and he is not allowed to sell cheaper than the price fixed by the conference. All excess sugar is burnt, thrown into the river, somehow or other destroyed, so that there should be no more sugar on the market than that fixed by the supreme council of sugar producers, and that the price of sugar might not be lowered.

When a national sugar syndicate has been formed, in order to avoid competition also on the world

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market, the national sugar syndicate comes to an agreement with the syndicates of other countries, with the German, French, English, and so on.

The syndicates that have come to an understanding decide amongst themselves that each of them will throw on to the world market only a certain quantity of sugar and at a certain price. Thus it is fixed, for instance, that Russia will throw on the world market 2,000,000 lbs. of sugar, Germany 3,000,000 lbs., America 5,000,000 lbs., and so on, and so on.

This syndicate system of modern capitalism is revealed in a particularly conspicuous form in the petroleum trust. This trust was first formed in America, and gradually strengthened its hold on all countries, seizing into its hands all the sources of petroleum. In this way the petroleum sources in the Caucasus, and those of Roumania, fell into the hands of the American trust, of the American syndicate.

The steel trust of America is also well known, and it has its branches in various countries.

It is this system of big syndicates which leads, before all, to monopoly, to the monopoly of the whole world, to the partition of the whole earth between the separate trusts, the petroleum, sugar, steel, and so forth, and to the establishment of monopoly in a whole series of branches of industry. Under such conditions—that is, with the existence of such trusts and such monopoly—the old free competition can no longer exist among various masters split up into separate entities, knowing nothing of

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one another, and producing for sale on a strange market.

Once competition has disappeared, the driving force which was at the foundation of technical progress must also disappear. Whilst the previous economic stage is characterised by the gigantic growth of the productive forces, and the lowering of the prices of commodities, the present stage of monopoly and trusts is characterised by a halt in the development of industry, in the development of the productive forces, and a halt in the fall of the prices of commodities. The last stage in the development of capitalism is no longer a period of economic progress, a marching forward, but, on the contrary, a period of stagnation, decay of economic progress, a motion backward. This fundamental feature of the present stage of capitalism is pointed out with particular force by Comrade Lenin in his work, *Imperialism as the Latest Stage in Capitalism*.

Imperialism grew up as a development and as a direct continuation of the basic properties of capitalism in general. But capitalism only became capitalist imperialism at a definite very high stage of its development, when certain fundamental properties of capitalism began to transform themselves into their very opposites, when all along the line there began to form and to appear features of a transition epoch from capitalism to a higher social economic structure. The fundamental economic factor in this process is the replacement of free competition by capitalist monopoly. Free competition is the basic property of capitalism and of commodity production in general.

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Monopoly is the direct opposite of free competition, but the latter started to be transformed into the former before our very eyes, thus creating large-scale production, squeezing out the small producers, substituting big industry by still bigger, bringing concentration of production to such a point that from it grew, and is still growing, monopoly—cartels, syndicates, trusts, fusing with them the capital of some tens of banks, with a turnover of milliards.

Thus Lenin emphasises the fact that the characteristic feature of capitalism in the preceding period was free competition.

Now in place of free competition there has arisen monopoly, which is the direct opposite of free competition. Thus we see that in this connection capitalism has given rise to its direct opposite—in the place of free competition it has produced monopoly, instead of individual capitalists being able to struggle against one another to improve the quality of their goods, to lower their price, monopoly appeared—that is, the transference of whole branches of industry into the hands of a few capitalists, of a few banks, which fix definite prices on commodities and do not permit improvement in production, if for any reason this is not essential for them. Then Lenin writes:

“At the same time monopoly, though arising from free competition, yet does not abolish it, but exists above and side by side with it, thereby giving birth to a series of particularly sharp and considerable contradictions, irritations and conflicts. Monopoly is the transition of capitalism to a higher order.” Comrade Lenin indicates the tendencies of the modern structure

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of society, the direction in which the present capitalist society is moving. Modern capitalist society is developing in the direction of the establishment of the domination of monopoly. This, however, does not signify that free competition is destroyed. Two phenomena antagonistic to one another are living side by side. But monopoly is a phenomenon which is being born before our eyes and is gradually developing, whereas free competition is nothing other than a survival from the old order of society. And these two phenomena exist side by side, and just because of this the condition of affairs becomes more acute. Once there exist monopoly organisations, powerful syndicates, sugar, petroleum, and other such trusts, and side by side with this there also exists free competition, it is clear that the syndicates start to compete with one another, and conflicts between them will assume a very acute form, for the struggle is now no longer between individual manufacturers, between some Trifonovs, Schneiders, Armstrongs, Sidorovs, Putilovs or Demidovs by themselves, but powerful economic organisations now enter into the fight. Associations now take up the fight that include thousands of separate banks and factories. Such conflicts assume a particularly acute character, and at first discharge themselves into capitalist wars between separate states, and then into world wars. Lenin further continues :

“If it were necessary to give as short a definition as possible of imperialism — one would say that *imperialism is the monopolist stage of capitalism.* Such a definition would contain the most essential features, for,

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on the one hand, finance capital is the bank capital of a few monopolist large banks fused with the capital of monopolist associations of industrial magnates, and on the other hand, the partition of the earth is a transition from colonial policy spreading itself unhindered over the regions as yet unconquered by any capitalist Power to the colonial policy aiming at the monopolised possession of territories completely partitioned out."

Herein Lenin formulates with astonishing clarity his comprehension of the essence of imperialism in a few words: "Imperialism is the monopoly stage of capitalism," or, in other words, even shorter, "*Imperialism is monopolist capitalism.*"

Thus we have before us several brief characteristics of imperialism. We have become acquainted with the point of view of Kautsky, according to whom "imperialism is the policy of industrial capital." Then we had the point of view of Hilferding, that "imperialism is the policy of finance capital." Then we had the altered point of view of Kautsky, that "imperialism is the policy of finance capital in contradistinction to industrial capital which pursues a peace-loving policy." Now, besides Kautsky's two points of view, and Hilferding's view, we have Lenin's brief formulation: "Imperialism is monopolist capitalism."

Further, Lenin explains:

"But too short definitions, though convenient, because they emphasise the essential, are nevertheless insufficient if one needs to deduce from them the most essential features of the phenomenon which is to be defined. Therefore, not forgetting the conditional

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and comparative significance of all definitions in general, which can never embrace the all-sided ramifications of the phenomenon in its full development, it is necessary to give a definition of imperialism which should include the following five fundamental characteristics."

Comrade Lenin then passes to a more detailed definition of the idea of imperialism. Lenin's first definition of imperialism, according to which imperialism is monopolist capitalism, is particularly important for us as emphasising the fundamental feature of the phenomenon we are studying; nevertheless Comrade Lenin explains that such a short definition is not sufficient and stops to consider the following five points which characterise imperialism.

The first point :

The concentration of production and capital has reached such a high stage of development that it has given rise to monopoly which now plays the deciding rôle in economic life.

Wherein consists this concentration of production and capital? You know that formerly in the first stages of development of industry every artisan had, as it were, his own little factory, his own little workshop, and worked at the production of some goods or other—boots, horse-shoes, furniture and so on—working in the main for orders. There were tens of thousands of such little workshops. Gradually some of these workshops became larger, began to exploit a greater and greater number of sub-masters, began to crush by their competition the smaller workshops and finally did crush them. The larger workshops gradually developed into factories, which began to use the best

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machines in production, the most perfected instruments and thus attained the possibility of throwing on the market goods at a lower price and in an unheard-of quantity.

If a small boot-making workshop made, say, ten thousand pairs of boots a year, selling each pair at fifteen roubles, a factory made the same product, for a free market, in numbers of one or two million pairs, selling them at a lower price, ten to twelve roubles a pair. It is clear that under such conditions the smaller bootmakers could not successfully compete with the factories.

Gradually hundreds and thousands of the smaller bootmakers were ruined, their instruments, benches and material vanished from their hands, and all their capital went over into the hands of their competitors, the big capitalists. In this way capital which was formerly distributed amongst thousands of small and medium-sized concerns became concentrated into a few hands. Naturally, as a result of this process, individual capitalists became richer and richer, and in this way millionaires began to appear, and then multi-millionaires of the American type. This process of the accumulation of capital in certain hands, the process of concentration of capital formerly dispersed, is termed the centralisation or concentration of capital.

Side by side with the concentration of capital, its centralisation in a few hands, there goes the process of centralisation and concentration of production itself. This centralisation and concentration of production reveals itself in this: that production itself becomes transformed, and the greatest number of workers,

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machines, and so on, employed in the given branch of industry is concentrated into the hands of a few factories.

Comrade Lenin in his work gives a series of striking examples illustrating the process of concentration of production in the modern capitalist countries. Thus in Germany less than one-hundredth of the total enterprises have more than three-quarters of the total quantity of steam and electric power. Only 7 per cent. of the total steam and electric power falls to the share of 2·197 thousand small enterprises, constituting 91 per cent. of the total number of enterprises. About thirty thousand big businesses have in their hands everything; millions of small enterprises have—nothing.

In another premier country of modern capitalism, in the United States of America, the growth of concentration of production is even greater. Here three thousand of the largest businesses employ as many workers, and produce as many commodities, as all the other enterprises taken together. And these other smaller enterprises number about three hundred thousand. Thus nearly half of the total production in the United States is concentrated in the hands of one-hundredth part of the total businesses.

This concentration of production, this accumulation of almost the whole of the production of a country, of the largest number of workers and machines in the hands of some scores or even some hundreds of the largest businesses, itself leads, one might say, wholly towards monopoly. For, as Lenin rightly remarks, some score of enterprises can readily come to an

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understanding amongst themselves, and on the other hand the tendency to monopoly grows in accordance with the huge extent of an enterprise.

Monopoly, as I have already indicated, consists in this, that free rivalry, free competition is removed. Some score or hundreds of enterprises having seized into their hands the hegemony—that is, supremacy in a given branch of industry—fix the price of the commodity and also the quantity of it to be allowed for exchange in the home and in the international markets. In this way a small group of capitalists is complete master of the market and has the power of systematically raising the price of a commodity in spite even of the fall in the cost of production. Once competition has been crushed and in its place monopoly reigns supreme there can no longer be the main incentive to the lowering of prices. For now individuals, separate capitalists, no longer struggle with one another on the internal or external market. In all branches of industry the trusts and syndicates are now supreme, and these act in unison, and only enter into battle with one another under exceptional circumstances.

At first we saw tens of thousands of blacksmiths, locksmiths, shoemakers, each of whom produced goods to order independently. Then in the place of small shoemakers' workshops we saw factories where all the leather industry was concentrated; then later still we saw trusts where everything made of leather was combined by these trusts, these syndicates. And the same process has occurred in every other branch of industry.

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From the former smithy, which produced mainly horse-shoes, there grew up the gigantic metallurgical and cannon factory of Krupp, where gigantic steam-engines, gigantic boilers, gigantic steam-hammers, and the most gigantic weapons in the world are produced. This immense metallurgical and cannon workshop of Krupp arose from a tiny smith's workshop. Krupp's grandfather, Adolph Krupp, had a tiny smithy, where he employed five workers, and side by side with this little smithy there existed thousands of similar little workshops. Gradually Krupp's workshop began to grow, concentrated within its hands at first the production of one kind of goods, then another, then a third and fourth, and so on, and finally there was created a most colossal factory, which concentrated within its hands the whole of metallurgical production, started to fashion hammers and steam-engines, arms, and so on, and so on.

Then this Krupp combined with other steel goods workshops, and there was formed a mighty metallurgical trust, into which Krupp entered as one of the units, and still later this German national metallurgical trust began to combine with the metallurgical trusts of other countries, and thus there was formed a powerful metallurgical international—an international of death and destruction.

And this international was occasioned by the concentration of production, and of capital, which had arrived at such a high stage of development that it gave rise to monopoly, which now plays the deciding part in the economics of the newest capitalism.

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The second fundamental point of imperialism pointed out by Comrade Lenin :

"The fusion of bank capital with industrial capital, and the creation of a financial oligarchy on the basis of this financial capital."

Last time I already indicated that the characteristic feature of the present epoch consists in the penetration of bank capital into industry, or, as Bucharin says, the growing together or into one another of bank and industrial capital. This penetration of bank capital into industry results, finally, in a few banks, after having strengthened their position in each separate country, seizing industry into their own hands. Thus, for instance, in France only four to five banks, in Germany five to seven banks, in Russia ten to fifteen banks have seized the whole of industry into their hands, and as at the head of each bank there are only two or three financiers who conduct all the business of the given bank, the result is that all the industry of a given country comes under the control, and is dependent on, some twenty to thirty, say even forty to a hundred, people—capitalists. Then it is that a position is reached when the whole of a country is controlled, and its economic, financial and military forces are directed, by a so-called financial oligarchy.

The word "oligarchy" means "the domination of the few," "the domination of a handful of people."

During the period when, in the European countries, the kingly power, supported by the landowning class, was supreme, it was rightly said that the country was administered by a hundred or two hundred thousand

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barons—landowners. With the fall of serfdom and the growth of capitalism, power in the country gradually passed over into the hands of the big manufacturers, and then one began to say that the country was governed by ten thousand industrialists. Now we have come to such a state of affairs that in all would-be “democratic,” constitutional, “parliamentary” countries there is really the domination of an oligarchy, of a handful of people.

This is the very worst form of government. And one of the characteristic features of this oligarchical form of society consists in this, that in this form, under its modern conditions, the popular masses do not even know the names of their real enslavers, the real tsars and kings. Millions of people are convinced that their country is ruled by Wilhelm and his ministers, or by George with his Lloyd Georges, or by Poincaré with Clemenceau, and so on, whereas in reality all the reins of government are in the hands of an unknown person, an anonymous individual at the head of the *Crédit Lyonnais* or of the German Bank. The names of these people are concealed from us, and only the best-informed people, such, for instance, as a few publicists who follow attentively the life of the country, its economic activity, and who endeavour to penetrate into the secret springs of the modern state mechanism, only such individuals find out, at length, who stands at the head of the administration of the country. Only a few years before the World War a few French publicists were successful in discovering the names of those individuals who are, in reality, as it were, the kings

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of France, who, as a matter of fact, rule that country.

Now it is this supremacy of the financial oligarchy which is the regime characterising the present stage of development of the economic life of the country. Whether it is the semi-feudal Germany of Wilhelm II., the constitutional kingdom of England, the "Great" republics of France or America, everywhere the actual power in the country of domination over its economic, financial and military forces is in the hands of a handful of anonymous people, a few financial kings and barons dominating four or five banks controlling almost the whole money capital, the greater proportion of the means of production and the sources of raw material in the country in question.

The third characteristic feature of the imperialist epoch, as Comrade Lenin points out, is "*that the export of capital, as distinct from the export of commodities, attains special significance.*"

For the old capitalism with the full supremacy of free competition, says Comrade Lenin, the export of goods was typical. For the latest capitalism with the supremacy of monopoly, the export of capital has become typical. England dominated the world market in the preceding period and was, economically, the strongest power in the world, thanks to the colossal extent of its goods exports. England of the latest stage of capitalism exports, of course, no less goods than formerly, but it exports still more capital.

Here, for instance, are the facts cited by Comrade Lenin in his book regarding the amounts of capital invested abroad by the three chief countries :

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Capital Invested Abroad (in milliards of francs)

<i>Year</i>	<i>England</i>	<i>France</i>	<i>Germany</i>
1862	3·6
1872	15	10 (1869)	...
1882	22	15 (1880)	...
1893	42	20 (1890)	...
1902	62	27-37	12·5
1914	75-100	60	44

You see what an immense leap there is here. England, which in 1862 had only 3·6 milliards francs of capital abroad, has in 1914—that is, in less than fifty years—thirty-three times as much capital abroad. France, which in 1872 had 10 milliards francs, already had 15 milliards in 1882; in 1893 it had 20 milliards, then 27-37 milliards in 1902, and finally in 1914 60 milliards francs. Consequently from 1872 to 1914 French capital abroad increased five times. The capital invested abroad by Germany also increased correspondingly—that is, it was increased nearly four times in twelve years.

Thus we see that a fundamental feature of the present stage of capitalism is the greater and ever greater export of capital abroad, and the export of capital is beginning to exceed the export of goods abroad, as the same capital is often exported in great quantities into quite poor countries, the population of which possesses negligible buying ability.

For instance, in many parts of Africa the population has hardly any needs, wears rags, and so on. Certainly one cannot export many goods there. On the other hand; it is difficult to put any limit to the export of capital to these same parts. Every annexed bit of

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territory can be a cause for colossal expenditure, for everywhere forts can be built, railways of no use to anybody can be constructed, and so on. The export of capital results in a frenzied growth of militarism, aids the strengthening of imperialist policy, and feeds and develops modern imperialism.

The next fundamental characteristic of imperialism Lenin sees in this—that “*there are formed international monopolist associations of capitalists which divide out between them the whole world.*”

I have already pointed out that trusts and syndicates are formed first of all within a given country, thus Russian, English, French, and so on. Sugar, naphtha, and iron syndicates are formed in Russia, England, France, and so forth. These trusts and syndicates first of all share out amongst themselves the home market, but the home market under capitalism is closely bound up with the foreign market. And then some Russian sugar syndicate unites with German, English and other syndicates, and so creates an international sugar syndicate. The same occurs with other national syndicates, steel, coal, and so forth.

These international syndicates and trusts arrange international congresses. These congresses are sometimes of a public nature, so that even the outside public are allowed to be present at its sittings, but most often they are of a secret character.

As the capitalists can only preserve their supremacy over the popular masses by kindling national differences, and by egging on the proletariat of one country against the others, it is evident that it would be inconvenient for the capitalists of England, France or

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Germany to speak too openly of the friendly agreements they have concluded amongst themselves in the interests of the exploitation of the population of their own countries and of the whole world. Thus in 1913 there was held a secret congress in Brussels of the representatives of the steel industry, at which nearly four hundred delegates of the international steel and iron syndicate were present. Not a single journalist even of the bourgeoisie was allowed to be present at this congress. I myself tried to get into this congress, but on hearing that even the correspondent of one of the most conservative of French papers had been refused admission to this international congress, I gave up all further attempts.

What then do the capitalists discuss at their open or secret international conferences? What understandings do they come to as a result of their debates?

The basic reason for the calling of the international capitalist congresses is the question regarding the division of the world amongst the monopolist alliances of capitalists—the syndicates, trusts, cartels. The conferences fix the share of each individual country—that is, of this or that national trust, French, English, German, and so on—in the partition of the earth.

Thus at the Congress of the International Syndicate of the Railway Industry in 1910 the share of each country composing the syndicate in the world market was fixed for three years. The share of England in the export of rails was defined at 37 per cent.; the share of Germany at 20 per cent., and so on. In 1912 there was another international

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conference, at which new conditions were drawn up for the next period.

In 1907 two of the largest electro-technical trusts, the German General Electrical Company and the American (Houston & Edison), concluded an agreement as to the division of the world between them. The American trust "received" for their disposal the United States of America and Canada; the German—Germany, Austria, Russia, Holland, Switzerland, Turkey and the Balkans.

At their congresses and conferences the representatives of the trusts and syndicates fix not only the share of each of the contracting parties in the division of the world, but also the price of the commodities, below which the syndicates within the trust or cartel are forbidden to sell.

* Some bourgeois writers have expressed the opinion that all these international conferences of capitalists for the peaceful division between them of the whole world, these international cartels, will lead to the abolition of competition on the world market and to the establishment of peace amongst the nations. This view will not stand the test of criticism. The appetites of the financial cliques are insatiable. At their international congresses the capitalists come to certain understandings regarding the share of each nation-group in the division of the world between them. But modern capitalism is *monopolist* capitalism, and each "national" group secretly dreams of seizing the whole world for its own *monopoly*, and at the first favourable opportunity to create an *all-world* French, English or German empire.

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At the international conference of 1910 the share of the French rail syndicate in the world export of rails was fixed at 4·5 per cent. At the conference of 1912, at the request of the French delegates, this share was doubled, but this did not satisfy the French metallurgists, and they decided, by seizing Alsace-Lorraine, with its rich iron mines, to establish the *monopolist* supremacy of France on the international iron market.

On the eve of the World War the French and German capitalists formed a Franco-German trust, a consortium for the common exploitation of Morocco. The French capitalists received as their share 62 per cent. of the total shares of the particular trust; the German obtained 20 per cent. Both sides were dissatisfied. The French endeavoured to get a *monopolist* control over Morocco. The German, who had only 20 per cent., aimed all the more at the same thing. And so, in spite of the Franco-German consortium in Morocco, the relations between Germany and France did not improve, but became worse every day, and the question of Morocco, as I prove in my book, *The World War and the Partitioning of the Black Continent*, was one of the main causes of the World War, which very nearly broke out owing to this very question already in 1905 (the Tangiers crisis) and again in 1911 (the Agadir crisis).

The whole history of the Morocco syndicate, like the history of the joint-stock company of the great Bagdad route, a company into the management of which there also entered, side by side with the Germans, Belgians, Swiss and French, shows that all kinds of

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international trusts and syndicates not only did not assure the preservation of peace amongst the nations, but, on the contrary, they only made more acute the differences between the states and were the most important factors in leading to the outbreak of the World War.

The fifth characteristic feature of modern imperialism: *the territorial partition of the earth amongst the biggest capitalist powers is complete.*

To illustrate this state of affairs Lenin gives the following facts, which he quotes from the *Geography* of Soupan. The percentage of the earth's surface belonging to the European colonial Powers (including also the United States of America):

	1876	1900	Increase or Decrease
In Africa .	10·8%	90·4%	+ 79·6%
In Polynesia .	56·8%	98·9%	+ 42·1%
In Asia .	51·5%	56·6%	+ 5·1%
In Australia .	100·0%	100·0%	...
In America .	27·5%	27·2%	- 0·3%

These figures show that in the beginning of the twentieth century almost all the unoccupied territory of our planet had already been seized. There was nothing more to divide in Africa or Asia. It only remained to re-partition—that is, to take away from other proprietors.

Thirty, forty, still more fifty years ago, when whole continents were still practically unoccupied, many States, in going in for colonial policy, still had the possibility of seizing a little piece or even a considerable part of some territory without coming into

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conflict with other States. Thus sixty or seventy years ago France could seize for itself even a whole State, Algeria, without waging war against anyone. Later, Italy annexed considerable territory in North Africa without any conflict with the European States. In the same way Germany could turn its attention to Central Africa without stirring up thereby a world war. Even little Belgium put her hand on a vast territory in the Congo, and so on, and so on.

However, very soon there did not remain a single scrap of territory which was not occupied by someone or other. From that moment the colonial question became one of acute international conflicts. Germany strives to seize Morocco, but this country is in the sphere of influence of France. Russia gets to Persia, but England too has stretched forth a grasping hand towards it. Russia, France and England reach out for Asia Minor, but Germany has already laid her hand on a definite part of Asia Minor, and so on and so forth.

Thus we have come to such a pass that the partitioning of the whole earth has been completed, and if, for instance, Germany desires, whatever happens, to extend her possessions, she can only do so by waging war against other countries. In extending its possessions Germany necessarily steps on the feet either of France or England or Russia. In the same way, if France wants to extend her dominions, her colonies, she necessarily knocks up against Germany, because the French possessions border on the German, and at the boundary line of German colonial territory there are already German hired

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black soldiers, perhaps even still naked, but already equipped with German helmets on their heads and with German rifles in their hands. Every step forward on this territory is turned into an insult to the German sentry, to the German flag, and therefore as a declaration of war on the German Empire.

It is dangerous to break into the territory not only of the first-class European States in Asia or Africa; the colonies of a little Portugal or Belgium or Holland are also inviolable. Germany, for instance, wronged in her share colonially, very much wanted to take away something at least from the weaker States. The German imperialists were very much ashamed of the fact that mighty Germany had no more colonies in Africa than a Portugal or Belgium. But even this "screaming injustice" was not so easy to put right. At the back of weak Belgium and Portugal stood France and England, who prevented the strengthening of Germany at the expense of the small States in the name of the preservation of the "balance" on the Black and Yellow continents.

Thus all was measured, weighed, distributed. And in order to transplant some frontier post not only in Europe, but even somewhere in Central Africa, it was necessary to reckon with the risk of world war. Moreover, even to move a frontier post into the possession of some black-skinned king of Africa, that too meant moving the frontier post into the dominion of that State to which the fictitious African king was subject.

Consequently the colonial policy, the final partition of the Yellow and Black continents between the

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largest capitalist Powers, was bound to lead to world war.

Thus we have become acquainted with the essence of Lenin's theory regarding the question of imperialism. One can formulate Lenin's theory in short by means of the following definition:—"Imperialism is monopolist capitalism." This short definition Lenin completes by indicating the following fundamental features of imperialism: (1) The concentration of production and capital, having reached such a state of development that it has given rise to monopoly, which plays a deciding rôle in economic life. (2) The fusion of bank capital with industrial capital and the creation on this basis of finance capital, "of a finance oligarchy." (3) The export of capital as distinct from the export of commodities attains particularly great importance. (4) There are formed international monopolist alliances of capitalists who divide out the world between them. (5) The partition of the earth by the great capitalist Powers is complete.

Imperialism is capitalism at that stage of development when the domination of monopoly and finance capital has been established, when the export of capital has reached exceptional significance, the partition of the world by international trusts has started and the division of the earth's territory amongst the chief capitalist Powers has been completed.

A very important side of imperialism is, according to Lenin, parasitism. I have already touched on this subject at the beginning of the lecture, nevertheless it will do no harm to dwell a little more on it.

On the eve of the war bourgeois society had become degenerate. The bourgeoisie had accom-

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plished all it could accomplish and was heading for a fall. Here is what Lenin says on this question :

“We must now stop to consider one very important side of imperialism which for the most part is not sufficiently appreciated in the majority of the discussions on this subject. One of the short-comings of the Marxist Hilferding is this, that he has taken a step backward in comparison with the non-Marxist Hobson. We speak of parasitism which is a characteristic of imperialism.

“As we have seen, the deepest economic basis of imperialism is monopoly. This monopoly is capitalist—that is, it has grown out of capitalism, and has its being in the general capitalist surroundings, that of commodity production, and of competition, but, nevertheless, it is in constant unavoidable contradiction with these general circumstances. However, like every monopoly, it gives birth to the inevitable tendency towards stagnation and decay: in so far as there is established, even temporarily, monopoly prices, in so far does there vanish to a certain extent the incentive to technical and therefore to every other kind of progress, of forward movement: in so far too does there appear the economic possibility of artificially retarding technical progress. For example, in America a certain Owens invented a bottle machine, which made a revolution in the manufacture of bottles. The German cartel of bottle factories buys Owens’ patents and hushes them up, prevents their application. Of course, monopoly under capitalism can never completely and for long dispose of competition on the world market.”

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I might complete the example of Owens by the following illustration :—

I had an acquaintance who invented a means of producing an aniline dye by a cheaper process than existed up to that time. The inventor hoped that, thanks to such an important step forward in the sphere of chemical industry, his name would become famous and the new aniline dye would be called by his name. But nothing of the kind. The German chemical trust bought his invention, but did not apply it, and simply concealed it. The German chemical trust had therefore only bought my friend's invention so that no one else might apply it. Under such a condition of affairs, when every invention goes not for the development of industry, but is merely tucked away out of the light, the industrial bourgeoisie has ceased to play the rôle which it played at one time—that is, the rôle of an element which moves the country forward industrially.

The other feature upon which Lenin dwells is the following :—

“Imperialism is an immense accumulation of money capital in a few countries, reaching, as we have seen, a hundred to a hundred and fifty milliards francs of valuable paper. Hence the inevitable growth of the class, or more correctly of the section, of *rentiers*—that is, of people who live on ‘coupon cutting,’ people quite divorced from any participation in any sort of work or business, people whose profession is simple idleness. The export of capital, one of the most essential foundations of imperialism, still more augments this complete divorce from production of the

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rentier section, puts the stamp of parasitism on the whole country living by the exploitation of the labour of a few countries and colonies beyond the ocean."

Further Lenin writes:

— "A *rentier* state is a parasitic state of decaying capitalism, and this circumstance cannot but cast its reflection on all the social political conditions of the country in general, and upon the two fundamental currents in the working-class movement in particular."

The whole yearly income received by England from the whole of its foreign trade, from her exports and imports, at the beginning of the present century was estimated at £18,000,000 sterling (about 170 million roubles). At the same time the income of England from capital put into various enterprises, from invested capital, the income of the *rentier* section was equal to from £90,000,000 to £100,000,000 sterling. The income of the *rentiers*, the income of the people living on cutting their coupons, was five times as great as the income from foreign trade, in the most important trading country in the world. Therein, says Lenin, lies the essence of imperialism and of imperialist parasitism.

The country richest in capital, England, has preserved its hegemony over the whole world in spite of the fact that it had already lost its *industrial* hegemony, having given up its first place as exporter of commodities to countries with a more progressive industry—to Germany and the United States. But in these latter countries too the export of capital has assumed a more important significance with every year, and consequently the competition for the sphere

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to which capital could be exported led to renewed conflicts between the most progressive countries for the sharing out of the booty. On the other hand, the country importing capital had to endeavour to subject to itself the provinces into which it imported capital.

Under Tsarism Russia was not an independent country. It was subject not only to French capital, but also to Belgian, English, German and American capital. Moreover, there were definite spheres of influence of these various capitals in Russia. One of the reasons why the international financial oligarchy, the French and English clique of financiers, fight Soviet Russia with such obstinacy and support the counter-revolutionary bands of Koltchak and Denikin is not merely their anxiety regarding the capital already put into Russia, but the fear of losing a hundred-and-fifty-million country as a very profitable sphere for the investment of capital.

What influence on the internal condition of the country has its conversion from an industrial state to a *rentier* state—to a state of usurers?

Modern imperialism leads to the growth of the class of *rentiers* or stockholders—that is, to people who live exclusively on cutting their coupons. Such a stockholder possessing shares, as the saying goes, neither sows nor reaps, does absolutely nothing, plays the rôle of a parasite, and nevertheless gets all he needs. Sometimes it even happens that a *rentier* who has too many shares does not give himself the trouble of even cutting the coupons, but simply keeps his papers at the bank, which either itself cuts off

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the coupons and sends them already cut to the owner of the papers, or pays to the owner of the shares the sums corresponding to the value of the coupons.

Whilst in the preceding epoch the industrial bourgeoisie did do something or other, and badly or well directed industry, trying to raise the profit of the factories, and to increase the productivity of the country, now the type of capitalist *entrepreneur*, the administrator of the ancestral industry, is lost in a sea of parasites, living only by their coupon cuttings, and spending their income exclusively on mistresses, and so on.

And in such an order of society, when the country lives on the export of capital, this feature of parasitism cannot but infect to a greater or less extent all classes of the population. In France, England and Germany millions of workers and peasants were small stockholders. Naturally this strengthened the opportunist inclinations of these oppressed classes, and gave rise to an apparent identity of their interests with those of the governing classes. The French worker or peasant who held a few Russian or Moroccan loan shares began to value the alliance with Russia, and considered that he had an interest in the success of French policy regarding Morocco. Of course as a result of the World War the workers and peasants have suffered most of all, for it was precisely to these classes that the bankers had been able to dispose of the most unreliable stock and obligations. Thus almost the whole of the Russian loan proved to have been distributed among the French peasants and workers.

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However that may be, on the eve of the war thousands upon thousands of workers and peasants were to a certain extent interested in imperialist policy, in colonial adventures. This, of course, to a certain extent made its mark on the psychology not only of the peasants but also of the workers, and the latter were therefore no longer people with a purely proletarian psychology. This was gold in which there was a considerable admixture of base metal.

The modern structure of society has a decomposing influence on the bourgeoisie; capitalism has entered the phase of decay and death. And once society is rotting, decomposing, the governing class is degenerating, and even then its most remarkable representatives are no longer capable of understanding the circumstances surrounding them. And the most conspicuous examples of this degeneracy of the governing classes, their inability to appreciate the present position of affairs, is furnished by the Brest and Versailles peace treaties. Were the German bourgeoisie, the bourgeoisie of the industrially most progressive country in Europe, not a decadent class, its representatives would have understood better the position of affairs, and would not have forced a peace on Russia that led Germany to a crash.

The Brest Peace was the greatest adventure in the world. For Comrade Lenin, as the gifted representative of the proletariat and the working peasantry, it was clear that German imperialism had accelerated its downfall by the Brest Peace; for Kühlman, Czernin and other most talented representatives of the decadent class the Brest Peace was the greatest victory of

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Germany, the guarantee of its victory over all its foes. Such was the foresight of the cleverest German and Austrian diplomats.

The history of the great French Revolution, the blindness of the nobility and kingly power—not in the least comprehending what was going on in the country—the history of our February revolution, the history of the October revolution, the rôle played by Kerensky and his comrades on the eve of this coup, clearly show that every decaying class, condemned to destruction, loses the ability to make head or tail of the surrounding state of affairs.

The Brest Peace has demonstrated before one's eyes that the German bourgeoisie is a decadent class. And during the Brest negotiations there were many who pointed out that in the event of an undoubted German defeat the English and French bourgeoisie would force on Wilhelm's country a peace even more stringent than the Brest Peace. There were amongst the Russian liberal circles many optimists who imagined that the French and English statesmen would have more sagacity than the "stupid" Germans, that they would not throw Germany into the arms of Bolshevism, but that they would, on the contrary, conclude an honourable peace with the defeated country, as a result of which Germany would become a mighty instrument for culture and civilisation in the struggle with barbarian Bolshevism, in the fight with Soviet Russia.

None of these hopes were in the least justified. The *Entente* bourgeoisie forced a peace on Germany (Versailles), as a result of which a soil was

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prepared highly favourable to the development and the strengthening of communist ideas. How could the German ruling classes think of a serious struggle with Russian Bolshevism when in Germany itself, absolutely ruined and brought to starvation as it was by the Versailles Peace, the whole atmosphere was found to be charged with the Bolshevik bacillus! Could one think of putting out the fire in the neighbouring country when at home the floor was breaking out in flames beneath one's feet?

Thus in the period preceding the World War the bourgeoisie were degenerating, and the main cause of this decadence was the parasitism appertaining to imperialism. This period preceding the cataclysm of 1914-1918 was the epoch of parasitic decaying capitalism. The Brest and Versailles treaties serve as the best illustrations of the decadence of the governing classes of Europe and America.

LECTURE VII

IMPERIALISM AS THE POLICY OF SYNDICALIST METALLURGICAL INDUSTRY

IN my works published on the eve of the World War—namely, in articles in the *Souremenik* ("The Contemporary"), in the French journal *Mouvement Socialiste*, in the American Marxist journal, *The Future*, and finally in the book on "The Great Railway and Sea Routes of the Future," recently published in two editions, entitled, *Imperialism and the Struggle for the Railway and Sea Routes of the Future*—I emphasised the ruling, dominating rôle of the metallurgical industry in home economics and in the foreign policy of the modern states, and I formulated the essence of imperialism in the following way. Imperialism is the modern form of the policy of conquest dictated in the first place by the interests of the metallurgical industry, which now plays the rôle of the most important leading industry in the economic life of all the first-class industrial countries—the rôle, so to speak, of the central industrial star, around which, like planets around the sun, there revolve many other most important branches of the capitalist economy of the biggest States.

The metallurgical industry plays a colossal rôle in the foreign policy of the modern States. It is precisely this industry which dictates its will to emperors and

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presidents, and diplomats turn a particularly attentive ear to the voice of the steel kings, whilst at times they remain completely indifferent to the demands of the representatives of other branches of industry, although these may play a tremendous dominating part in the economic life of the given country, in its exports, trade balance and so forth.

It can be taken as a law that when there is a collision of interests between the metallurgical industry and other branches of the national industry, victory will always be on the side of the steel kings.

Diplomacy reckons first of all with the real or even fictitious interests of the metallurgical industry, ignoring the interests of the remaining branches of the national industry, should such an attitude be for the benefit of the metallurgical industry.

Imperialism represents the particular aspect and special form of the policy of conquest directed towards world domination, towards the transformation of the national state into a world Power, into a whole made up of many nations and welded together by forcible means. This form of the policy of conquest is characteristic for our modern epoch commencing round about the end of the nineteenth century. This epoch is characterised by the *transference of the centre of gravity of economic life of the capitalist countries from the textile to the metallurgical industry*. It is precisely this transposition of the centre of gravity of capitalist economy from the textile to the metallurgical industry which is the most important fact of contemporary evolution of capital, and plays the most important rôle in rendering international relations more and

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more acute, and in the long run it is the fundamental cause of the extraordinarily rapid growth of militarism, navalism and of the whole of the modern policy of conquest—in one word, the imperialism of the first-class Powers of the twentieth century.

Whilst the centre of gravity of the capitalist economy of a given country lay in the textile industry calculated on mass consumption, its development depending also on the buying ability of its own population, on the direct demand for its use, the ideology of the bourgeoisie not only of countries that came on the scene after England, but in Great Britain itself was of a negative inclination towards an aggressive foreign policy, towards colonial adventures which would render international relations more acute, augment the National Debt, increase the burden of taxation on the people, the final result of which would be the decrease in the buying abilities of the home market.

The England of the Manchester period was an enthusiastic believer in free trade, in free competition.

“During the period when free competition flourished,” says Lenin, “the predominant bourgeois policy of England was against colonial policy, and considered the liberation of the colonies, their complete severance from England, an inevitable and useful step. M. Beer, in his article published in 1898 on the ‘Latest English Imperialism,’ points out how, in 1852, an English statesman generally speaking so inclined towards imperialism as Disraeli said, ‘Colonies are millstones round our neck,’ whereas at the end of the nineteenth century the heroes of the day in England were Cecil Rhodes

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and Joseph Chamberlain openly preaching imperialism and applying imperialist policy with the greatest cynicism" (Lenin, *Imperialism as the Latest Stage of Capitalism*, p. 73).

I have already shown in a former lecture that the fundamental reason for the peace-loving proclivities of the textile manufacturers of England was the complete dependence of the textile industry on the regular uninterrupted import of raw materials from overseas countries. The Napoleonic wars, hindering the regular import of cotton from the United States to the English coast, gave rise to a terrible crisis in the English textile industries. This caused an incalculable amount of poverty and misery among the workers in the Manchester district, and the ruin of many manufacturers on account of the closing down of their factories. Only from the moment of the transference of the centre of gravity of capitalist economy from the textile industry to the metallurgical does the imperialist epoch begin, and Chamberlain, "the man from Birmingham," comes into the forefront of the historical arena as the first representative of the new epoch—an epoch of colonial fever. England, whose statesmen, like Disraeli, used to say only recently, "The colonies are millstones round our neck," begins to grab unoccupied territory on all sides with such intensity that for the period of 1884-1900 it had taken possession of territory measuring no less than 4,000,000 square kilometres.

Following England, other countries, too, rush one after the other to get possession of new and ever new overseas regions. For this same period,

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1884-1900, France wins 3·6 million square miles, with a population of 36,000,000; Germany 1·0 million square miles, with 14,700,000 inhabitants; Belgium 900,000 square miles, with 30,000,000 inhabitants; Portugal 800,000 square miles, with 9,000,000 inhabitants.

The inevitable transposition of the centre of gravity of capitalist economy from every other industry to that of the metallurgical industry follows entirely from the law, established by Marx, of the continuous growth of the constant part of capital over the variable. Marx proved that in the process of capitalist production the quantity of constant capital grows continually at the expense of the variable capital.

Capital consists of two parts—of the so-called parts of constant and variable capital. Constant capital is that part of capital which has been invested in the factory building, in machines, benches, instruments and other implements of production—in one word, of all that which bears a constant character. Variable capital is that part which has been invested in that which is quickly used up in the process of production, in raw wool, and so on. Wages also belong to the category of variable capital. Constant capital, Marx proves, inevitably tends to grow at the expense of variable capital. If in the eighteenth century the capital value invested in some factory or other consisted in one half constant and one half variable capital, now the same capital value would be made up of seven-eighths constant and only one-eighth variable capital. This means that if formerly out of every million roubles invested in a particular

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factory 500,000 roubles was variable and the same quantity constant capital, now, however, out of every million 875,000 roubles would be the share of the constant capital, and only 125,000 roubles would fall to the share of variable capital. Constant capital consists in the machines, work-benches, instruments—in one word, all the means of production.

And as iron and steel material are the basic elements from which the means of production are formed, the process of the development of capitalism necessarily leads to the growth of the rôle of the metallurgical industries both in the national and world economy.

In spite of the fact that iron materials wear out so gradually, their consumption increases far more rapidly than the consumption of bread, which is at once eaten, cotton, wool, and so on. In one word, mankind manifests a far greater appetite for cast-iron than for bread.

Present-day civilisation, the whole process of technique and science, is based to a considerable extent on iron.

The iron goods, or more correctly the steel industry, developed slowly during the course of the preceding centuries; its marvellously rapid growth only commences at the beginning of the last fifty years. Two figures express this very aptly. In 1860, 7,000,000 tons of cast-iron were smelted in the whole world; in 1910, 70,000,000 tons were smelted—thus in fifty years the production had increased ten times.

Amongst the European countries, Germany developed particularly rapidly as a metallurgical country.

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On the eve of the war the hegemony in the production of iron on the European continent was absolutely in the hands of Germany. In 1910 Germany produced 600,000 tons more cast-iron than England and France taken together, and 4,000,000 tons more than France, Russia, Austria-Hungary or Belgium.

England, which at one time occupied first place in the world production of cast-iron, fell back to the third place. The first place in the world production of cast-iron was taken by the United States, the second by Germany. At the beginning of the twentieth century England was no longer capable of satisfying the demands of its industry for iron by its own forces, and was forced to buy iron abroad, and above all from Germany. The export of iron from Germany into England rose very rapidly. For the decade 1891-1900 the yearly export of iron from Germany into England was estimated approximately at 130,000 tons; for the decade 1901-1910 at 640,000 tons, and for the three years 1911-1913 the yearly export of iron from Germany into England was already above 1,000,000 tons. Thus the export of iron from Germany to England for the whole period increased eight times.

It is just this hegemony of Germany on the European continent in the production of cast-iron which conditioned the military hegemony of Germany and which made it possible for this country to be victor for four years over the strongest European states.

The metallurgical industry is strong on account of its connection with the so-called war industries which are the offspring of metallurgy, with all the system

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of modern militarism and navalism, therefore with the military cliques, bank consortiums and industrial trusts and syndicates standing behind all these gigantic cannon factories of Krupp, Schneider, Armstrong, Vickers, and so forth. Metallurgy is the foundation upon which, in capitalist society, there grows up a strong military industry and the domination of the military clique. It is not for nothing that the premier military state in Europe was the premier metallurgical Power on our continent—Germany.

In capitalist society the metallurgical industry completely predominates over the coal industry, over the black, white (electric energy) and liquid (naphtha) fuel. In countries far in the forefront industrially, as, for instance, the United States, there is even no coal market, for the latter is completely absorbed in the steel market. All the coal shafts belong to the steel kings.

Finally, metallurgy is stronger than other industries in that it is an industry which matures earlier than others, and is more adaptable than other industries to syndicalisation and cartelisation—that is, to fusion into mighty national and international capitalist associations, trusts, syndicates and cartels. There is not a single branch of industry in which the process of syndicalisation and cartelisation, the linking together of separate enterprises into one continued whole, has rendered such a high degree of development and in which this process is revealed in such a striking form as precisely in the metallurgical industry.

In the United States, for instance, the strongest and first trust formed is the famous steel trust,

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“The Steel Corporation of the United States,” founded in 1901. This steel giant owns and controls about 785 enterprises with a common basic capital higher than the total sum of the basic capital of the five other largest trusts taken together. In Germany the most powerful syndicate is the steel syndicate, and even in backward Russia in the forefront of the cartel movement on the eve of the war was the metallurgical industry. Thus before the October revolution we had the powerful metallurgical syndicate, the “Prodamet,” formed after the model of the American steel trust, and uniting all the largest workshops of the south of Russia, of the Urals district, the Volga banks and the Polish domains—in short, all the iron districts of Russia.

We have already pointed out that the distinguishing feature, the fundamental characteristic of the newest phase of capitalism, is precisely the process of the concentration of capital in organised national and international monopoly undertakings, trusts, cartels, syndicates, and so on. It is self-evident that in such an epoch the industry which for this or that reason marches in the forefront of this process, and out-distances by far all other branches of industry in the tempo of its development, in the rapidity with which it links together all its enterprises into one gigantic combined whole, has every chance of obtaining hegemony, of becoming master in a capitalist system, amongst all other branches of the national and world economy. And as a matter of fact the circumstance that the steel goods, railway, cast-iron goods, cannon, and so on—in one word, the

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metallurgical factories—proved to be more adaptable to rapid combination, to their linking together into gigantic national and international unions, into the so-called trusts, syndicates and cartels—it is this circumstance which aided greatly at first their increasing influence and then simply their hegemony, the domination of the metallurgical industry in the whole system of capitalist economy.

Now it is just this metallurgical industry, so powerful, so influential in our modern system of capitalist economy, which, in capitalist society, is the most ruthless enemy of what is called pacifism—that is, the policy of peace between the first-class Powers. Metallurgy more than any other branch of national economy is interested in militarism and navalism—that is, in the uninterrupted growth of expenditure on military land and sea forces, in the formation of new army corps, in the erection of new land and coast forts, new squadrons, and so on. For all branches of the metal industry are closely bound up with military industry, which manufactures heavy and light guns, bullets, ammunition, swords, iron-clads, dreadnoughts, super-dreadnoughts, submarines, aeroplanes of various systems, dirigibles, zeppelins, and so on. And it is self-evident that one year of war gives the metallurgical industry more orders, therefore more work and profits, than many years of a peaceful period. This is why, in the years preceding the World War, at every agitated moment, when the air smelt of gunpowder, and all industrial values and the State scrip of the economically and militarily strongest countries fell to an extraordinary

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extent, all metallurgical values—that is, the shares and obligations of the metallurgical, steel goods and iron goods factories in France, England, Germany and other countries—continuously climbed upwards. And the darker the clouds on the European horizon, the more probable the danger of an outbreak of World War, the higher and higher rose all metallurgical values, on the International Stock Exchange, and the lower, on the contrary, fell the values of a whole series of the most stable, solid, industrial businesses—even of whole branches of industry. We saw this, for instance, in the stirring moments of the Turko-Italian and the Balkan wars, when the State consols of France, Belgium, England, Germany and others fell, also the securities of many first-class banks, the shares of electrical, gas and steamship companies, corporation trams, omnibuses, and so on, whereas, on the contrary, all metallurgical values rose on the Stock Exchange.

Metallurgy is bound up most closely not only with its own direct offspring, the military industry, which is so interested in the strengthening of militarism and navalism, but also with the rail industry. We know that railways have a foremost significance in the economic life of peoples.

Here are a few figures taken from Zinoviev's book, *The War and the Crisis in Socialism*, regarding the development of railway construction. In 1845 the total length of the railway network in the world was equal to 16,000 kilometres; in 1865, 145,000 kilometres; in 1895, 487,000 kilometres; in 1905, 905,000 kilometres, and in 1911 more than 1,000,000

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kilometres. In 1911 the world railway track thus already covered over 1,000,000 kilometres. This figure speaks for itself regarding the rapid development of the rail industry during the period covered and of the rôle of *rail politics* in the home and foreign life of states.

The question of the great world routes played a predominating and most important part in the origin of the World War. Thus, for instance, the question of the great German enterprise, the Bagdad route, was, on the eve of the war, the most important problem of international rail policy, and served as one of the chief axes around which revolved all foreign policy in general. And to this project, the famous German three B.'s (B.B.B.), "Berlin—Byzantium—Bagdad"—that is, the Bagdad railway net, which was to bind into one whole all the states lying between Hamburg and the Persian Gulf—to this project England opposed three other letters—the three C.'s (C.C.C.), "Cape Town—Cairo—Calcutta"—the railway which was to join into one whole all of East Africa, from the south to the north, then Arabia, Mesopotamia, Southern Persia and the three-hundred-million-souled India. This English rail chain C.C.C. was to bind together, very, very fast, all the East African and Asiatic possessions of England, so as to link them closer to the great British Empire. Russia, as an opposition balance to these projects, came forward with the plan of a trans-Persian or Indo-European route—the two P.'s, Petersburg—Persian Gulf (originally Petersburg—Peshawar). The Russian imperialists endeavoured to realise this project to bind Persia irrevocably to

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Russia or more bluntly to convert the Shah's country into a Russian province, further to strengthen Russian influence in Afghanistan and on the Persian Gulf and to get nearer to the Indian frontiers.

"These three imperialist rail projects within the framework of capitalism came into sharp conflict with one another and threatened war between the three world Powers interested in their realisation. But when England and Russia saw that their plans were still far from accomplishment, whilst Germany was nearing the end of her grandiose railway intentions, which would make it possible for her to weaken English, and particularly Russian, influence in the Ottoman Empire and in all Middle Asia, the Russian and English imperialists decided to unite for the struggle against the common enemy. Thus was born the Anglo-Russian understanding, a secret alliance of the sworn enemies of but yesterday—Imperialist England and Russia—and this agreement was one of the most powerful factors contributing towards the outbreak of the World War. I might add that the endeavour of Russia to gain possession of the Bosphorus and the Dardanelles, a dream about which Miliukov was so enthusiastic, had the most direct connection with the above-mentioned railway projects. On the one hand, the possession of Constantinople would have given Russia the possibility of breaking in two the German steel rod with which Germany had dreamed of fastening all Asia Minor to its wheel of victory, and this action by Russia would have brought the importance of the whole Bagdad railway route to *nil*. On the other hand, the opening up of the Straits, the free

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access to the sea, would have facilitated the transport of Russian grain from the terminal stations of our Black Sea railways to the chief sections of the railway routes of the Balkan and the Apennine peninsulas, and further, to France, Spain and England. In short, the question of the Bosphorus and the Dardanelles was simply a matter of the unhindered connection of the Russian railways, via the sea and the Straits, with the railways of other countries. And in this way the question of the Straits, like the question of the Panama Canal, as I show in my work, *The Great Railway and Sea Routes*, has the closest relation, or more correctly coincides, with the question of the railways, of railway policy and, in the last resort, of metallurgy.

Our century may quite rightly be called the *iron* century, and metallurgy must be termed the queen of modern industry. Metallurgy is the fundamental basis of the industrial and military might of a country. All industries depend to a greater or less extent on metallurgy. The coal industry is particularly closely connected with metallurgy. The era of imperialism, the latest stage of capitalism, is characterised, as I have proved in my works on imperialism, by the completest hegemony, by the predominance of metallurgy over the coal industry. For the production of one ton of iron, two tons of coal must be burned. It is evident how far metallurgy is interested in the entire possession of the coal shafts. The coal trusts and syndicates, are in the hands of the metallurgists. In countries far in the forefront industrially, as, for instance, in the United States, there is even no coal

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market at all, for the latter has been swallowed up in its entirety by the steel market. All the coal shafts belong to the steel kings. I leave those who are interested in obtaining a more detailed acquaintance with the question of the subjection of coal to iron to study my work, *What is Imperialism?* In the meantime I limit myself to establishing the fact that in all countries the metallurgical industry dominates the coal industry. Thus not only the metals, but also coal—these two elements of production—the bread and water of industry, are in the hands of the steel kings and of the metallurgical barons. The coal and metallurgical industries form what is termed the *heavy industries*. It is this heavy industry, before all in the shape of metallurgy, which is, as it were, the central star around which revolve in their orbit, like the planets around the sun, the other branches of national and international economy. The heavy industry is the basic foundation of the whole of modern industry, and the chief condition for the military might of a given nation. Germany won brilliant victories over all the armies of the European Powers, and in the course of the first years crushed the great military forces of Russia, France, England, Belgium, Serbia, and so on, because Germany was the first metallurgical Power on the European continent. It is sufficient to say that in 1913, on the eve of the war, Germany produced more than a milliard poods of iron and steel—that is, almost as much as its chief antagonists on the field of battle, Great Britain, Russia and France, taken together. It is these figures wherein lies the key to the explanation of the amazing

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German victories in the first period of the war. And already at the beginning of the war I prophesied that Germany would remain victorious so long as only the European countries remained antagonists; but when the strongest metallurgical Power in the world—the United States—interfered in the war the chances of victory would be snatched out of the hands of Germany.

Precisely during the war period the supremacy of metallurgy over all other branches of industry was shown up in a most vivid and striking manner. A country like Italy, which had no heavy industry, was forced to obtain both coal and iron abroad, and could not develop into a mighty industrial, still less military, State.

Metallurgy is the material of all military branches of industry. What, for instance, is a cannon factory if not a department of a steel goods workshop? Krupp's famous workshop sprang from a small smithy. In this workshop, which is the greatest cannon factory in the world, there are manufactured, in peace-times, side by side with colossal instruments of destruction, cannon, guns, and so on, also colossal carriages, steam-engines, rails, steam-hammers, locomotives, and so on. Further, railway lines and all the equipment of railways, which play such an important part in war-times—this, too, comes forth entirely from the metal factories. Side by side with land armies—loaded rifles, bayonet, cannon, bullets, in short, all that which is manufactured in metallurgical factories and is transported over railways—a colossal rôle, in modern warfare, is also played by the ocean fleet, which is

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also constructed on the wharves belonging to the metallurgical firms. All these gigantic vessels, sea marvels, dreadnoughts and super-dreadnoughts, fast-going cruisers, submarines, the whole floating submarine fleet—these sea leviathans in the metallurgical factories—finally, the air fleet, the significance of which, during war, is ever growing, is also a product of factories which are more or less closely connected with metallurgy. In one word, metallurgy predetermines victory on the battle-field. The whole question of victory, of who would win the battle, amounted in the war of 1914-1918 to the question as to who could prepare a greater number of tons of metal. In the famous battle of the Danube, after which the Russian army, preparing to march into Hungary, had cleared not only the whole of Galicia, but also Poland, the German general, Mackensen, won a victory over our troops, only because he was able to pour over our army an amazing, until then unprecedented, quantity of shells, numbering 400,000. By means of this hurricane of fire Mackensen literally burnt out the Russian front over a considerable distance, and then drove into this cavity, this cleft, a wedge of some of his picked soldiers.

On the eve of the World War many, even conspicuous specialists and experts of military affairs, did not understand this rôle of metallurgy in future wars. Generally speaking, the connection between economic and military strength was not clear to many. To what an extent many specialists in Russia and France failed to understand and foresee, before the war of 1914-1918, the rôle of industry in general,

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and of the metallurgical factories in particular, in the question of victory or defeat is seen, if only from those demands which were made by the military ministries of these countries on their official agents and secret spies abroad. The whole essence of Russian and French espionage, in the countries of the Triple Alliance, consisted in the investigation of how many armed soldiers there were in the given country, where this or that section of troops were stationed, where were to be found the warehouses of explosives and artillery equipments; the chief railway bridges, which it would be necessary to blow up at the beginning of military action. Finally, the mobilisation plan of the given State, to get to know the plan of mobilisation of the enemy's army, how rapidly this or that section of it would be moved in case of war—this was the Alpha and Omega of the Russo-French espionage.

The German General Staff gave more complex tasks to its agents. When Russian or French military agents took up their abode in some German town or other, marked out for them, they tried to estimate first of all how many soldiers in barracks there were in the given town; which particular regiments and what kind of arms were stationed in the given district, and so on. In contradistinction to this system, the espionage of the German military secret agents did not limit itself mainly to the estimation of the effectiveness of the troops, the kinds of arms, the position of the sections in the given district of the enemy country, but was directed towards the estimation of the economic material might of the given country

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in the sphere of the arming and equipment of the army in peace-time and in case of war.

One of the chief problems put before the German agents consisted in their furnishing information regarding how many factories there were in the given district, how these factories might be extended in war-time, how many workers could be called on for the manufacture of shells, and what quantity of material was already held in *readiness* for such production; what quantity of cannon could be manufactured in the shortest time in case of war; what quantity of cotton there was in reserve, and how much could be obtained outside the country, and so on. In possession of all this information, the German General Staff could not, in its plans, attach much importance, say, to the fact that Russia was able to call more than 10,000,000 soldiers to the colours, seeing that it was known that there were arms for only 1,500,000 to 2,000,000 men.

How far the connection between the military industry of a country, not to speak of peace industries, and the strength of the army was from being clear to many narrow specialists is seen from this, that on the declaration of war, mobilisation in France was carried out in such a way that in Paris, for example, all the workers of the cartridge factories were torn from their benches and sent to work as soldiers in the ranks. The same thing occurred in many cannon and gun factories. Of course in a fortnight after the commencement of the war the whole Press raised a great outcry regarding this amazing want of foresight of the military authorities, and all the workers of the

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military yards and workshops were gradually recalled to their benches. A series of heavy blows on the theatre of war was necessary before the English, French and Russian commands could understand the connection between industry and the war, and in this way, almost a year and a half after the beginning of the war, there was declared in France and England the famous mobilisation of industry.

The importance of the military industry, in particular the rôle of the artillery, already became apparent in the first battles of 1914, and determined the result of the bloody battles between the gigantic armies that entered the fight.

The Germans started their offensive against France through Belgium. Already the fact of their taking the first post, Liège, surprised everybody. It seemed incomprehensible how the German army could take such a strong fortress within twenty-four hours. Prior to the taking of Liège, a series of articles appeared in the French and Russian Press that Liège would be under siege for at least a whole week, that Namur would also not be taken in less than a week, and that thus the Germans would be retarded for a long time. But we know that these fortresses were taken by the Germans in twenty-four hours. And they were thus taken thanks to the famous gun "420." This gun was manufactured in the Krupp workshop, and the Krupp workshop is nothing more nor less than a metallurgical steel goods firm of Germany, which side by side with other metallurgical products constructed also guns, and in these first victories the

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might of German metallurgy, and its superiority over the metallurgy of other countries, became apparent. The first German victory which amazed the European imagination was the victory of German metallurgy. Then occurred the famous battle at Charleroi, where the French were destroyed in two days, and began to retreat towards Paris. And now the French officers who came to Paris said that the German army impressed them as an indestructible phalanx, set in motion by some invisible mechanism, and vomiting terrible streams of flame from heavy, long-distance guns. At first it seemed to some observers that it would be impossible to fight with the German army until some means were found which could stop the movement of this terrible mechanism, vomiting an all-consuming flame from its long-distance weapons. As a matter of fact, in this battle the Germans used long-distance artillery, of which the French had none. The French army was equipped with only light guns, with the famous gun "75," a really terrible weapon, but striking over only a comparatively short distance, whilst Germany used in the very first battles its heavy artillery, and heavy artillery determined the result of the battles. Then there began the retreat of the whole French army towards Paris. The German General Staff took that as a manifestation of panic having seized the whole French army. Desiring to get to Paris as quickly as possible, and being carried away by the reports of the state of panic that had seized the whole French army, the Germans, forced, moreover, by the position of affairs, to finish as quickly as possible with the French, so as to throw them-

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selves on Russia, put their long-distance guns into action and moved with their light and heavy artillery in the direction of Paris.

A whole month elapsed between the battle of Charleroi and the battle of the Marne.

The French by this time had brought up all their light artillery. By this time there also arrived the Algerian corps and the Moroccan troops. The French, having become convinced that the Germans were concentrating but small forces on the Alsace-Lorraine frontier, took away from there all their fort artillery. Here became apparent the immense rôle played by the railways in warfare, for in order to carry out such a transference of heavy artillery one must have at one's command a branched network of railways. When the Germans marched up to the Marne, Joffre met them with a *hurricane fire*. This was the first application of hurricane fire.

Then the retreat of the German troops began.

The German army suffered a defeat because in entering the battle it did not have a sufficient quantity of arms; it was not sufficiently armed in an artillery sense because it had flung its heavy artillery back, being compelled to hurry on with a decision on the French front. The French entered the battle with a greater quantity of arms—hence they won victory at the Marne. There were several interesting books published during the war describing this battle on the Marne. Amongst others, a diary of an under officer of the artillery commanding this “75” gun is interesting. The book is actually entitled *Gun 75*. The author describes how his battery began the fight

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with the German battery, and he began to notice that his ammunition was becoming more and more exhausted. Munition boxes were brought up to them, and suddenly he was told that he had only eleven boxes left. And he describes what he went through at that moment. He saw that they were lost, that he would be unable to beat back the German attack; and when he had only three boxes of ammunition left, and when, as he says, drops of cold sweat were starting out on his forehead, suddenly the firing ceased on the opposite side and the Germans began to retreat. Then he took the offensive and found that the Germans had not a single shell left. In spite of all their foresight the German General Staff had not foreseen that such an immense quantity of ammunition would be spent in a modern war. In the fourteen days of the Neuve Chapelle battle, the English used up more ammunition than during the whole Anglo-Boer War. In one battle, over a few miles, they spent more ammunition than in a war that had lasted two years, and over a distance of thousands of miles. In some of our battles we used up more ammunition than we had done during the whole of the Russo-Japanese War. And the French in some of their battles used up more ammunition than during the whole Franco-Prussian War. The Germans had not calculated upon all this, and thus it was found that the question of victory in the present war was really one of the number of tons of steel. The French won because, in the given battle of the Marne, they could throw forth more tons of steel than the Germans, but they could not gain a decisive victory because

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they lacked a few more thousand tons of steel to clinch their victory. Had they had more ammunition ready their victory would have been decisive, but as French industry was not ready for this, both sides appeared not altogether ready, and consequently, in spite of all the strength of its metallurgy in the first period of the war, Germany was itself caught unawares. And this question of industry, the question of metallurgy, exerted its influence on the whole course of affairs. If the Russian army, which at the beginning of the war gained such victories, took Lemberg and went as far as the Carpathians, if this army was forced to retreat, this only happened because Russian industry was not ready for war. This means that our industrial mobilisation was more backward than our military mobilisation and the fighting abilities of our factories showed themselves to be much lower than the fighting capabilities of our army; and in this connection Suchomlinov, with criminal frivolity, refused to pay attention to the demands of our generals, who were all the time sending him agitated wires—"Let us have more munitions," replying to them, "The factories cannot make the munitions — be satisfied with what you have, be economical with your ammunition." Thus did this criminal understand the course and character of modern warfare. And it is clear how, when our victorious army, nearing the Carpathians, found itself without ammunitions, it was destroyed by Mackensen, who threw upon the Russians a numerous army. He literally burned out, by means of the fire of his artillery, an immense section of the Russian front,

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and into this burnt-out section he led his striking corps.

This was very easy to do. When this section proved to have been burned out, and the Russian troops had been mowed down as by a scythe, then he led in these striking corps. As for the quantity of ammunition which Mackensen discharged against the Russian army, it is enough to say that more than a thousand carriages were needed merely to carry this ammunition. In the course of a four hours' battle 700,000 shells were discharged against our troops.

How little our own and the French specialists understood at that moment how to explain Mackensen's victory on the Danube can be seen from the commentaries of the Russian and French Press on the subject of this battle. All the bourgeois papers, official and unofficial, non-military and special military ones, explained the victory of the Germans on the Danube and particularly the fact that they had succeeded in concentrating a thousand wagons of shells in this battle, in one way—namely, that the Germans and Austrians had, so they said, cleared all their forts, had extracted all munitions from these fortresses, and in order to make an impression on Europe had brought them all to bear against the Russian army. Thus they explained this victory, the extraordinary fact of the discharging of 700,000 shells against an enemy in four hours. But when in the following battles the Germans continued to deafen their antagonists with no less a quantity of munitions, the French, English and Russian "Specialists" comprehended that it was here not a question of emptying their forts, not a question of the Germans extracting

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from these forts all the munitions accumulated there during many years, but that it was a matter of the assistance of the German metallurgical industry. The defeat on the Marne made a strong impression on Germany. The German General Staff understood that this defeat was the result of the unpreparedness of the German Military Staff for carrying on war under modern conditions, and that this mistake must be rectified, that in future battles more and more shells would be required, and the Germans started their munition factories into full gallop. A month after the beginning of the war they attracted 100,000 workers to Krupp's yards, and in the second year of the war 200,000 workers were employed by Krupp's, being occupied exclusively in the construction of guns and shells. In this way it is not to be wondered at that the German General Staff and the German generals were able to overwhelm the enemy, to destroy his fortifications with an amazing quantity of shells. When the English and the French comprehended the source of the German victories, when they understood that these victories were due to the mobilisation of the whole of German industry, and, before all, of the metallurgical industry, they in their turn mobilised their industry; but the Russian, French and English industries could not have crushed German industry had not American industry come to their help.

In modern war the question of winning a battle, of victory, is a question of the quantity of steel at the disposal of each of the belligerent sides.

Of course all that has been said above refers to imperialist wars, to wars between nations conducting war

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against one another in the interests of the exploiting classes, as was the case in the war of 1914-1918.

In a class war, in civil war, in the war between Soviet Russia and the whole surrounding capitalist world, our army will come out victorious in spite of the fact that our Tula military workshops, of Putilov, and other military works, are considerably less efficient than the famous Armstrong, Creusot, Vickers and other such workshops, and than the whole military industry of the powerful capitalist trusts and syndicates. But with the help of the proletarians working in the factories belonging to these trusts, with the help of the whole international proletariat, our weak military industry will come out the victor in the ferocious struggle with the military industries of the United States, France, England and the whole capitalist world. The Soviet military-industrial David will defeat the capitalist Goliath in spite of all the terrible weapons of the latter.

A class war—a war between a country in which the governing power is in the hands of the proletariat and a State whose governing power is still in the hands of the bourgeoisie, hated by the class-conscious workers—has its own laws of strategy and tactics, its own conditions for victory and defeat, quite unknown in wars between two bourgeois States. This question is still one for study, and I hope to dwell on it in my next course of lectures, if circumstances will allow me to devote time to it.

Metallurgy spoke its deciding word on the battlefields, but its power was shown up still more vividly after the end of the war, during the peace negotiations.

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From the very beginning of the war I pointed out that the World War which broke out in 1914 was before all things a war for steel and iron and for the production of these metals. In the book *What is Imperialism?* I proved that when we should have arrived at peace negotiations even the blind would then see what a rôle the question of coal and iron has played in the policy of imperialism. Germany aimed at possessing the coal districts of Belgium and the Briey iron basins belonging to France. Under the pretext of the security of the German Empire, the German annexationists demanded the appropriation of these regions from France and Belgium. The policy of Germany after the Brest Peace shows clearly what importance the German imperialists attached to the possession of the Russian and Polish coal and iron. The German imperialists tried to lay their hands on the coal and iron basins of Poland. The store of iron ore in Poland is calculated at 300,000,000 tons, as for the coal wealth of the Polish domains, it is sufficient to point out that in 1913, on the eve of the war, the amount of coal obtained in the Dowbrovsk region of Poland was equal to nearly 430,000,000 poods. But the German imperialists did not limit themselves merely to putting their hands on the Polish coal and iron basins. After the conclusion of the Brest Peace the German imperialists endeavoured to seize the Don basin, and to exploit it for German industry by extracting from it coal, metal and ore. .

As for the conditions of the Versailles treaty, forced by victorious France on Germany which had been

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crushed by the Allies, I refer you to my book *What is Imperialism?* to the chapter on the rôle of iron and coal in the present war, and you will see in this book that long before the Versailles Peace there were defined those conditions which France would force on a defeated Germany. I pointed out that Imperialist France would try to tear away from Germany the iron-industrial basin of Alsace-Lorraine, with its iron mines and its steel goods factories, and the whole coal basin of the Saar. And the essence of the Versailles Peace indeed lies in the cutting off from Germany of these districts.

The question of coal played a most important rôle in the acute friction that arose after the Versailles Peace, among the Allies, in connection with the pretension of the Polish imperialists to Silesia. Just as the Saar basin was the objective of French imperialist desires, so the Silesian coal basin was the old objective of imperialist Polish aims. Bourgeois Polish literature has consecrated not a few inspired pages to Silesian coal. But this coal also allured the Czech imperialists. Thus arose the Czecho-Polish conflict for Silesia, and the Allies could not come to an agreement as to which of their little accomplices should be given the preference. On the one hand, Imperialist Czecho-Slovakia played a very conspicuous part in the struggle with Bolshevism, thanks to their notorious Czecho-Slovak Corps, upon which rested the whole strength of the Siberian counter-revolution; on the other hand, the Poland of Paderewski and Pilsudski was burning with impatience to take upon itself the rôle of gendarme and executioner towards Soviet Russia, and

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demanded a considerable advance payment for its services. Apart from all this, the United States was altogether opposed to the cutting off of Silesia from Germany, rightly thinking that if, having lost Alsace-Lorraine and the Saar coal basin, Germany should in addition also lose Silesia, the industry of Central Germany would be ruined. Germany would finally be flung down to the position of a second-rate Power, and this would lead to the excessive strengthening of England and France, and to the disturbance of the European balance of power.

The question of coal and iron has played the most important rôle in our civil war. The Don basin, occupying the first place among the other industrial districts of Russia by reason of its rich coal and iron deposits, was the *point d'appui* of our native and international counter-revolutionaries in their struggle against Soviet Russia. The Krasnovs, the Kaledins and the Denikins all dreamed that by cutting off the Don basin from Soviet Russia the latter would be condemned to a chain of hunger and cold, the railways in Russia would be completely paralysed and the economic life of the whole country brought to a standstill, all of which, according to the plans of our counter-revolutionaries, would be bound to call forth risings on the part of the population, driven mad by hunger and cold, against the government of the people's commissioners and soviets. On the other hand, foreign capital was too interested in the Don basin to give it up to Soviet Russia without a fight, and so to give up the immense profits which were furnished to European capitalists by the exploitation

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of the Don basin. I have already pointed out that after the Brest Peace Germany began to aim at the possession of the Don basin. When the German troops were forced to leave the Don basin it became an object of conquest for the powers of the Entente. English, French and Belgian capitalists had put an enormous amount of money into the metallurgical enterprises and coal pits of the Don basin, and, as a matter of fact, before the October revolution, all the metallurgical and coal industry of the Don basin was in the hands of Anglo-French-Belgian capital. On the eve of the war, in 1914, out of 3600 coke furnaces in the coal mines of the Don basin, with a productivity of 175,000,000 poods, 3150 furnaces, with a productivity of 153,000,000 poods of coke, belonged to joint-stock companies with exclusively foreign capital; 90 per cent. of the production of coke in the coal mines fell to the lot of joint-stock companies with exclusively foreign capital, and only 10 per cent. belonged to mixed undertakings—that is, to Russians and foreign capital. As for the metallurgical industry, here too, on the eve of the war, foreign capital had complete hegemony. Thus, the famous metallurgical syndicate “Prodamet,” concentrating within its hands above 80 per cent. of the whole production of metal, was in the main a syndicate of Belgian and French capitalists, who constituted the overwhelming majority of the shareholders of this syndicate. The central administration of this syndicate was in Paris. Thus foreign capitalists had invested immense capital in the Don basin, in its metallurgical enterprises and its coal mines, and of course were not disposed to lose

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their profits and to yield up the Don basin to the Russian proletariat and peasantry without a struggle. Being unable to fight our Red Army by means of their own troops, England and France decided to use our counter-revolutionaries as a support in their fight for the Don basin, and thus Krasnov, Kaledin and Denikin were in the first place agents of foreign capital. To what an extent the Krasnovs, Kaledins, Wrangels and Denikins were the direct servant-agents of European capital is seen even from this, that the English king, for instance, rewarded the officers and generals of Denikin's army with British orders for conspicuous merit in their fight with our Red Army. Permit me to read you on this subject a few extracts from the correspondence published in the *Sotchinski White Guard's* little paper the *Rodnoe Slovo*, which has accidentally fallen into my hands (No. 220, 1st Nov. 1919). The correspondence is one describing the celebration of the distribution of English orders to the White Guard troops at Tsaritsin.

“TSARITSIN, 15th October.—At eleven o'clock in the morning, on the Soborny Square, after prayers and the parade of the troops of the garrison, at which there were present the English mission, with General Coleman at its head, there took place the ceremonial distribution of English Orders. The head of the mission, General Coleman, addressed compliments to General Wrangel in the Russian language :

“‘Your Excellency, in response to representations made by General Denikin, his Majesty the English King has been pleased to award you the highly

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honoured Order of Saint Michael and Saint George, for your great valour during the whole of the war. It has fallen to me to have the great honour to present this Order to you here in the presence of the troops whom you are commanding so ably. It is greatly regretted that distance prevents his Majesty rewarding you personally for your *services* and exceptional steadfastness in the struggle with our common enemy—the Bolsheviks. I beg you to accept my congratulations and ask you to believe that the English army is following your exploits with the greatest admiration.’

“After these words General Coleman pinned the Order and Star on General Wrangel. The ceremony of the awards then continued. To each recipient the head of the mission addressed a short greeting, pinning on an order or medal and shaking hands with him.”

From this correspondence we see that Denikin recommends his distinguished officers to the English King for reward, thus involuntarily emphasising that the highest commander of the Russian counter-revolutionary army is a foreign sovereign, in the given case the English King—this crowned agent of the English banks. On the other hand, the English General Coleman proves in black and white that the English King rewards Wrangel, and other Russian officers of the good army, for faithful *service*. Thus Denikin’s army, like the whole Russian counter-revolutionary army, is in the *service* of foreign kings and presidents, or simply in the

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service of foreign capital, of the International Stock Exchange, highly interested in the rapacious exploitation of the natural riches of all Russia, and most of all of the Don basin. With the coal crisis supreme in the whole of Europe, and in a particularly acute form in France, with the shortage of raw material and workers on the whole continent, the prospect of possessing the Don basin, with its great stores of coal, iron and manganese ore, is so seductive that, for the sake of this prospect, one can well sacrifice a few score million francs, or even pounds sterling, for the upkeep of the good army, and for the reward of Wrangel, and other hired lackeys of international capital, with orders.

The war between Soviet Russia and World Imperialism is a war not only for iron and hard coal, but also for liquid fuel. In pre-War times Russia consumed for her railways and industrial needs 360,000,000 poods of naphtha, and 2,000,000,000 poods of coal, partly from the Don basin and partly English. On account of the war which the capitalist world is waging against us, and the impossibility of getting English coal; further, the impossibility of erecting in the near future electrical stations on the rivers Svir and Volkov—a problem with which I have to deal in the quality of president of the Chief State Committee for Construction—the winning of liquid fuel is particularly important to us for the re-establishment of our ruined transport, and of our whole economy generally.

On the other hand, just because liquid fuel is so important for us, the whole Eastern, and particularly

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Caucasian, policy of the Entente is directed towards the fundamental aim of appropriating to itself the Baku liquid fuel, thus depriving us of the possibility of utilising this fuel, so important for us. In this endeavour of England to seize the Baku naphtha there is apparent the tendency of imperialist Powers to the monopolist snatching up of all the sources of fuel. The seizure of the Baku naphtha wells would make it possible for England, after also grasping in its clutches the Mesopotamian and Persian naphtha, to strengthen its position on the international naphtha market, thus being freed of the hegemony of the United States over the naphtha industry. I may add that Germany, in its march to the Caucasus in the endeavour to unite with the Turkish troops attacking Baku, was guided thereto exclusively by the hope of appropriating this liquid fuel, this most valuable market, because of its importance to the whole world economy.

To put an end once for all to the Russian counter-revolution and to the intrigues of the international bourgeoisie on Russian territory, it is necessary once for all to consolidate firmly the supremacy of the proletariat and peasantry of Russia, Ukraine, the Caucasus, in the Don basin and in the Baku region. The defence of the Baku battle-fields is our most important military problem. Now after our bitter experience, it must be evident to all that Soviet Russia and the Ukraine cannot exist for long without the Don basin—this source of sustenance for industry, transport and heat; nor in the same way can it exist without the Baku region.

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At the time of the first victorious march of our Red troops in the Ukraine very little attention was paid to the fortification of the Soviet Power precisely in the Don basin, and the creation here of a strong basis of support. Our troops were rushed upon Riga, Odessa and Simferopol. Certain individuals were even carried away by dreams of a march to the frontiers of Galicia. Our forces were scattered in various directions, and few were those who reflected on the fact of how far our military victories in the south of Russia were unstable so long as we had not a firm footing in the Don basin, to what an extent the upbuilding of our economic life was unthinkable until we had strengthened our economic position on the whole territory of the basin. It is essential to understand that only the political and economic consolidation of the whole Don basin territory by and for Soviet Russia will bring about the final annihilation of the counter-revolution, and will make it possible to put into motion our railways, now at a standstill, our steam-engines and carriage-construction workshops, our textile factories, and so on. If we succeed in breathing new life into the dying coal mine industries of the Don basin, and binding the basin with Soviet Russia by means of a strong moral, political and economic chain, no temporary victories of the counter-revolution in the Crimea, on the coasts of the Black Sea, at the frontiers of Rumania, Poland or Latvia will be any terror to us.

Having obtained possession of the Baku region and the Don basin—this vertebral backbone of the whole of South and South-Eastern Russia—we should thereby

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make firm our political and economic supremacy on the Caucasus, rich in naphtha and other national treasures; in Turkestan, with its cotton plantations; in Azerbaidjan, and so on. The consolidation of Soviet Russia in the Ukraine, in the Don basin, in Turkestan and Siberia, would create at the same time a firm foundation for the transformation of the present starving Soviet Russia into a prosperous socialist State. Russia is the only country on the European continent which has at its disposal the three fundamental elements of production—coal, iron, cotton—and is rich in immense quantities of the fundamental element of nourishment—grain. Present-day Germany has neither coal nor iron nor cotton nor grain. If the capitalist order of society is preserved she is doomed to ruin, to death, to decay. She is threatened by a fate worse than that of Spain, transformed as it was from the most flourishing industrial country to that of the poorest region in Europe. As a capitalist Power Germany can only exist by again taking away from France Alsace-Lorraine and the Saar basin—in one word, only after another World War, which would be an adventure more senseless and more risky than the 1914-1918 adventure. In the event of a social revolution, the overthrow of the bourgeoisie and the transference of power into the hands of the proletariat, the new Germany could not exist a single month without the closest union with Russia. Germany could give us many of her skilled workers, her technicians, engineers, thousands of specialists in various branches of metallurgy, of the chemical and mining industries, and in railway manage-

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ment. All this is rightly necessary for us, and we need the help of Germany in this sphere very much, but Germany has still greater need of us. Socialist Germany without our support would be condemned to inevitable and rapid bankruptcy. The same may be said regarding Austria, Hungary, Czecho-Slovakia, Bulgaria, Turkey, Italy and other European countries. Even contemporary France and England, in spite of their immense territorial possessions, cannot exist as capitalist States, and still less as socialist ones, without the help of Russia. Soviet Russia—this it would seem backward country, with her preponderance of peasantry, with her numerically comparatively insignificant town proletariat, with her insignificant number of literate citizens—is nevertheless the foundation upon which alone can be erected the great structure of European Socialism.

Just as the planets revolve round the sun, so all the Europeans, and even the Asiatic countries, in so far as they are taking the path towards the overthrow of the bourgeoisie and the fundamental construction of socialism, are beginning to be more and more attracted to Russia as to the sun, as to the natural centre in the system of European and Asiatic socialist States. And it is not for naught that the social revolution started precisely in Russia. History, life itself—not from the imagination, not thought out, but real, actual life—has shown itself to be wiser, and to have more insight, than all the pitiful philosophers, all the Menshevik theories regarding the unpreparedness of Russia for social revolution, regarding the prematurity of a socialist transformation in our country. Russia

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alone, and not any other country whatever in Europe, could and had to give the signal for the socialist revolution. Russia was bound to be the first to start the attempt of the gigantic reconstruction of the whole of its economic life on socialist foundations. Russia is the only country on the European continent which has at its disposal all the basic elements of production without which no country is capable of assuring its existence by means of its own forces. Besides Russia, it is true, there exists on another continent a country no less richly endowed than Russia with natural treasure, namely, the North American Republic, the United States. But America has so far not yet stepped on to the path of socialist reconstruction. It is clear what great responsibility before history rests in the Russian proletariat, and on the Russian revolutionary peasantry, whom the objective conditions themselves have placed in the forefront of the labouring masses of the whole world. The Russian proletariat and the labouring Russian peasantry fight not only for their own destiny, for the future of Russia, but for the future of the whole of Europe, of the whole world. For if we should suffer defeat the whole of Europe will remain for long in the chains of capitalism, under the oppression of the finance and metallurgical oligarchy, under the yoke of the yellow international of ruin and death.

Let us apply all our forces to consolidate once for all the Soviet Power in the Don basin, in the Urals, in Siberia, and then certain defeat will await our enemies, however numerous they may be.

The struggle for coal and iron, for the possession

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of Alsace-Lorraine, for the Saar basin, for Briey, for Morocco and her rich iron mines, and so on, were the chief causes of the World War. At the same time, within the capitalist framework, coal and iron were the greatest instruments for the enslavement, for the oppression, of one nation and country by another. During the war itself the possession of coal and iron gave one side the possibility of wielding powerful means for inflicting the most serious defeat and deepest wounds on the other side.

The possession of the Don basin and of the Baku region, the possession of iron and coal, will give to the Russian and Ukraine proletariat, to the labouring masses of the Caucasus, a basic point for the electrification of the country, for the reconstruction of the whole economic life of the country on socialist foundations, and for the destruction of that same international imperialism which grew up on coal and iron, and which was the product of the transference of the centre of gravity of the whole capitalist economy in its latter stage to metallurgical industry. Only in the communist order of society will metallurgy cease to play the rôle of the lord of all industry, and simultaneously of the main factor in international conflicts, and it will then serve exclusively for the good of the labouring masses.